CDBG-DR Consolidated Notice Guidebook

Understanding the Consolidated Notice: A Guide on How CDBG-DR Grantees Can Meet the Requirements

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This guidance is designed for recipients of Community Development Block Grant Disaster Recovery (CDBG-DR) funds. Learn more about the requirements in the CDBG-DR Consolidated Notice and how to meet the requirements throughout each phase of the grant process—pre-award grantee submissions; grantee steps and timelines; and action plan development, submittal, and implementation.

General Overview

Purpose of the Consolidated Notice

The Office of Community Planning and Development (CPD) has developed the Consolidated Notice that describes the processes, procedures, timelines, waivers, and alternative requirements that HUD has established for Community Development Block Grant Disaster Recovery (CDBG-DR) grants and published in the *Federal Register* at 87 FR 6364, 87 FR 31636, 88 FR 3198, and 88 FR 32046. HUD may issue notices in the future that also make the waivers and alternative requirements in the Consolidated Notice applicable to CDBG-DR grants. Additionally, HUD issued the concepts from the Consolidated Notice as a Request for Information (RFI) to get public feedback on the notice. Once that feedback is incorporated, HUD plans to issue a CDBG-DR Universal Notice, built from the requirements found in the Consolidated Notice, as a stand-alone document that can then be applied to future CDBG-DR funds.

The Consolidated Notice combines and updates requirements from several different *Federal Register* notices and CPD Notices that have governed CDBG-DR funds. As such, the Consolidated Notice describes each phase of the CDBG-DR grant process, including pre-award grantee submissions; grantee steps and timelines; and action plan development, submittal, and implementation. The notice describes the standard process for CDBG-DR action plan development and outlines comprehensive and uniform requirements that may govern subsequent allocations of CDBG-DR funds to provide disaster recovery assistance in a more transparent and timely way.

The purpose of this guidebook is to assist recipients, including potential future recipients, of CDBG-DR funds who may be subject to the Consolidated Notice. The Consolidated Notice Guidebook describes the requirements in the notice and provides recommendations on how grantees can meet the requirements. This Consolidated Notice Guidebook does not establish any new requirements, but instead offers technical assistance, guidance, and resources for current and future recipients of CDBG-DR funds.

CDBG-DR Overview

Congress may appropriate funding for CDBG-DR grants to address disaster recovery needs that are not met by other sources of Federal disaster assistance. When available, HUD provides CDBG-DR grants to states, local governments, or tribes, particularly for the benefit of low-and moderate-income (LMI) persons.

CDBG-DR appropriations generally make funds available for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure, and housing, and economic revitalization, in the most impacted and distressed areas.

Grantees in the portfolio are typically affected by tropical storms, hurricanes, tornadoes, wildfires, and floods but may also be recovering from other disasters like an earthquake or typhoon.

Types of Disasters in the Grantee Portfolio

CDBG-DR appropriations acts make funds available for activities that are eligible under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.) (HCDA). Generally, all CDBG-DR activities must:

- Be CDBG-eligible (or eligible under a waiver or alternative requirement),
- Meet a national objective, and
- Meet an unmet recovery need that addresses a direct or indirect impact from an eligible disaster.

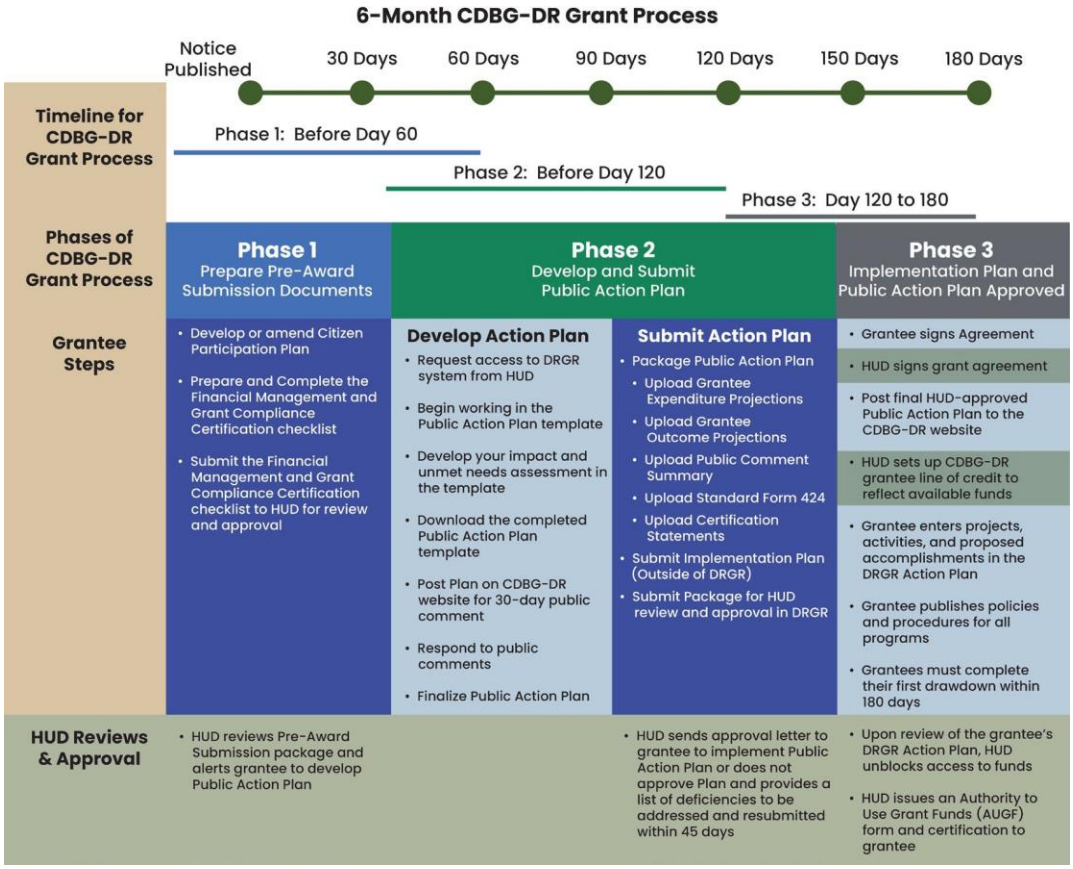
CDBG-DR Grant Process

HUD and the grantee must complete the following steps before a grantee can begin expending CDBG-DR funds.

- The grantee must develop or amend its citizen participation plan to incorporate disaster recovery efforts.
- Within 60 days of the applicability date of the Allocation Announcement Notice (or when the grantee submits its action plan, whichever is earlier), the grantee must submit documentation for the Financial Management and Grant Compliance Certification Requirements as described in the Consolidated Notice and should coordinate with their grant mangers when submitting.
- The grantee must request and receive Disaster Recovery Grant Reporting (DRGR) system access (if the grantee does not already have DRGR access) so the approved grantee staff can enter the Public Action Plan into the DRGR system.
- The grantee must download its draft Public Action Plan from the DRGR system and publish it for public comment on the grantee's disaster recovery website for no less than 30 calendar days. The grantee must consider all comments that are received orally or in writing. Additionally, the grantee must respond to public comments and provide a summary of the comments to HUD with the Public Action Plan in DRGR.
- The grantee must submit its Implementation Plan, Public Action Plan (which includes Standard Form 424 ("SF-424"), and projection of expenditures and outcomes to HUD not later than 120 days from the applicability date of the Allocation Announcement Notice. NOTE: The Public Action Plan and projection of expenditures and outcomes will be submitted through DRGR, and grantees should coordinate with their grant mangers when submitting the Implementation Plan.
- HUD reviews (allotted 60 days from date of receipt) and approves the Public Action Plan in DRGR according to criteria identified in the Consolidated Notice.
- HUD sends a Public Action Plan approval letter to the grantee. If the Public Action Plan is not approved, HUD will notify the grantee of the deficiencies, the grantee must then resubmit the Public Action Plan via DRGR within 45 days of the notification.
- HUD sends a grant agreement to the grantee.
- The grantee must sign and return the grant agreement to HUD.
- HUD signs the grant agreement and establishes the grantee's CDBG-DR line of credit amount to reflect the total amount of available funds.

- The grantee must publish the final HUD-approved Public Action Plan on its official website.
- The grantee must enter projects, activities, and proposed accomplishments into the DRGR Action Plan (Projects and Activities) and submit the DRGR Action Plan to HUD. NOTE: Only funds budgeted for activities established in the DRGR system can be drawn from the grantee's line of credit.
- HUD reviews and approves the grantee's DRGR Action Plan to unblock access to funds.
- The grantee must complete its first drawdown within 180 days. Grantees can drawdown funds after the Responsible Entity completes the applicable environmental review(s) pursuant to 24 CFR part 58 or as authorized by the Appropriations Act and, as applicable, and receives from HUD an approved Authority to Use Grant Funds (AUGF) form and certification.
- The grantees must publish (on their website) policies and procedures for all programs and key recovery operations implemented by the grantee with CDBG-DR funds.

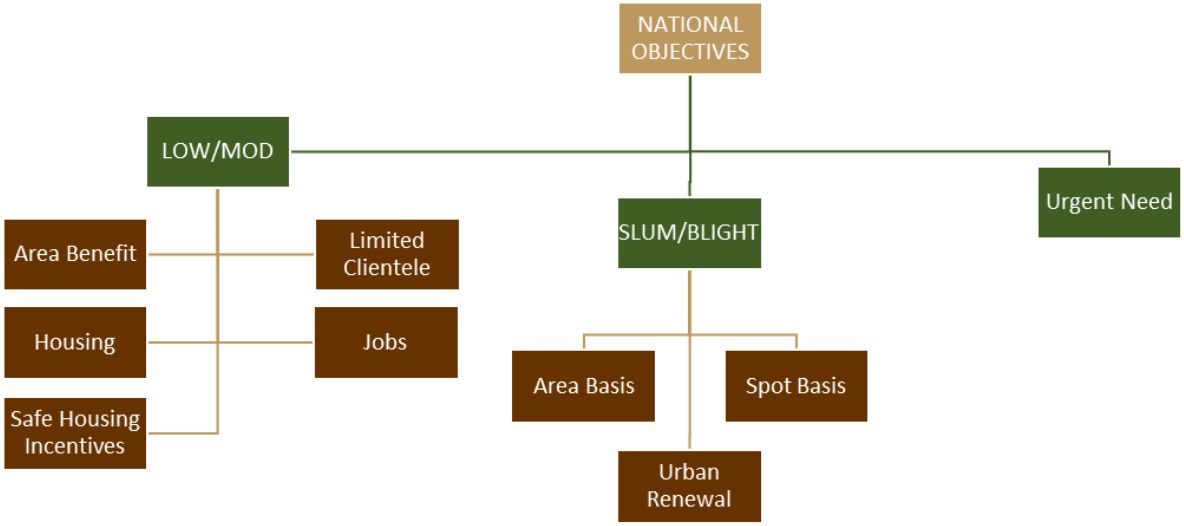
The graphic below illustrates the grant process described above.



National Objectives

To meet a CDBG-DR national objective, all activities must:

- Benefit LMI persons;
- Aid in the prevention or elimination of slums or blight; or
- Meet other community development needs having an urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs (known as "Urgent Need").



Some activities are presumed to meet a national objective (e.g., general/non-project specific planning for local governments; program administrative costs). In most cases, however, CDBG-DR grantees must demonstrate that CDBG-DR assisted activities comply with regulatory criteria to demonstrate that they meet a national objective. The timing of documenting that an activity will meet a national objective is an important consideration. Compliance with national objectives is encouraged to be documented upfront, when possible. However, some national objectives can be documented over time. For example, it is likely that the future occupants of a rental rehabilitation activity cannot be identified up-front. Compliance with the LMI housing national objective requires that 51 percent of the occupants be LMI households, which will require documentation demonstrating compliance during the leasing period until the national objective is met.

When using the Urgent Need national objective for CDBG-DR activities, the requirements can be different from the regulatory criteria in CDBG depending on when the activity is included in the grantee's Action Plan. The Consolidated Notice describes a waiver and alternative requirement for the use of the urgent need national objective during a 36-month period after the applicability date of the applicable Allocation Announcement Notice. This waiver and alternative requirement recognize how a CDBG-DR grantee is limited to spending funds for the benefit of areas that have received a presidential disaster declaration and the need to expedite the grantee's recovery. When a grantee describes the urgency of the situation in its unmet needs assessment; identifies the program and activity to use urgent need; and documents how the activity responds to the urgency, type, scale, and location of the disaster-related impact within the allotted period, the grantee will not need to submit the documentation required under section 104(b)(3) of the HCDA.

> **TIP:** To use this waiver within the 36-month period, a grantee should identify specific activities that will use Urgent Need to meet a national objective. The grantee is not required to identify the specific location of the activity to apply the waiver, but the grantee cannot apply Urgent Need to all activities within all programs. Urgent Need should not automatically be used when an activity does not meet the LMI requirements. Instead, a grantee should apply the Urgent Need national objective when there is a sense of urgency to complete an activity so that a community can recover. For example, reconstruction of a grocery store that was damaged by the disaster and located in an underserved area that has limited access to affordable and nutritious food. In this example, the residents might not meet the 51% threshold required to use the LMA national objective, but other factors demonstrate the urgency of the situation.

Unmet recovery needs change over time as resources from different sources have been expended. After 36 months, when the waiver and alternative requirement has expired, the CDBG-DR grantees should follow the criteria identified in section 104(b)(3) of the HCDA for any new activities added to the action plan without impeding the recovery. Grantees may request an extension for the established waiver and alternative requirement if the grantee's request is accompanied by data and can demonstrate that following the criteria identified in section 104(b)(3) of the HCDA would impede recovery.

Please note, the Consolidated Notice waives section 104(b)(3) of the HCDA in its entirety, where previous waivers for CDBG-

DR grantees may have only temporarily waived the documentation requirements.

Most Impacted and Distressed Areas

CDBG-DR appropriation acts typically require that all funds benefit the most impacted and distressed (MID) areas resulting from a major disaster. MID areas can be designated by both HUD and the CDBG-DR grantee. The eligible disasters and any geographic restrictions are identified in the Allocation Announcement Notice. A geographic community may include counties, cities, towns, neighborhoods, schools, or other government districts, or a collection of ZIP codes. Typically, 80 percent of the CDBG-DR grant must address unmet disaster needs within the HUD-identified MIDs, which can be found in the Allocation Table in the applicable Allocation Announcement notice. The CDBG-DR grantee may determine where to use the remaining 20 percent of the allocation, but that portion of the allocation may only be used to address unmet disaster needs in areas that the CDBG-DR grantee determines are MIDs (the "Grantee-identified MIDs") resulting from the same major disaster that led to the HUD-designated MID areas.

Grantees are encouraged to share their methodology for selecting the Grantee-identified MIDs with the public. For example, a grantee may select a county or ZIP code that received both FEMA Individual Assistance (IA) and Public Assistance (PA) and was not included as a HUD-identified MID area. Most areas that receive both FEMA IA and PA suffered extensive damage from the qualifying disaster.

Additionally, grantees have discretion when distributing funds within the MID areas. For increased transparency, grantees are encouraged to describe its methodology for identifying Grantee-identified MIDs, and any MID prioritizations (if applicable) in the action plan. Priorities for MID areas may differ from the criteria used by a grantee when competitively selecting recipients or disbursing funds through a method of distribution. Describing the methodology for identifying or prioritizing MIDs in the action plan is important for increasing awareness and understanding for eligible beneficiaries.

CDBG-DR Authorities

CDBG-DR funds are subject to Title I of the HCDA, (42 U.S.C. § 5301 et seq.) and the CDBG regulations at 24 CFR Part 570, unless modified by waivers and alternative requirements. CDBG-DR appropriation statutes typically grant the Secretary the authority to impose alternative requirements and waive statutes or regulations administered by the Secretary. Statutory requirements and waivers granted by HUD may vary from one disaster to the next. The Consolidated Notice combines waivers and alternative requirements from previous Federal Register notices and CPD Notices governing past CDBG-DR funds. These waivers and alternative requirements are based on the knowledge of the needs of grantees and previous waivers and alternative requirements that were issued contemporaneously with determinations by the Secretary regarding good cause and consistency with the overall purposes of HCDA. HUD typically provides certain waivers and alternative requirements for all CDBG-DR grantees receiving funds for a particular disaster; however, HUD also reviews and acts on individual grantees' requests for other waivers and alternative requirements on a case-by-case basis. Not all grantee requests are approved.

Additionally, The Robert T. Stafford Disaster Relief and Emergency Assistance

Act (42 U.S.C. 5121 et seq.) ("Stafford Act") provides the framework for Federal disaster assistance and sets forth the process by which the President declares a major disaster. Although the Stafford Act is largely devoted to programs administered by FEMA, certain sections apply more generally to all disaster assistance. In particular, CDBG-DR grantees must adhere to section 312 of the Stafford Act, which prohibits duplication of benefits.

Key Roles of the HUD and the Grantee

HUD is authorized to allocate and award CDBG-DR grants when Congress makes funds available. HUD's responsibilities include:

- Establishing requirements for use of the funds, through waiver and alternative requirements (including those requested by individual grantees), published in the Federal Register or on HUD's website,
- Reviewing CDBG-DR action plans and managing CDBG-DR funds,
- Providing technical assistance on eligible uses of grant funds, and
- Monitoring CDBG-DR grantees' use of CDBG-DR funds to ensure performance and compliance.

Since CDBG-DR funds are provided as a block grant, the CDBG-DR grantee has the primary responsibility to oversee and administer the use of funds for the disaster-related purposes that the funds were made available.

Grantee responsibilities include:

- Designing and implementing recovery programs to meet unmet recovery needs;
- Overseeing the CDBG-DR grant to ensure that CDBG-DR funds are used in accordance with all program requirements, including establishing internal controls;
- Providing technical assistance to, and oversight of, CDBG-DR subrecipients;
- Tracking CDBG-DR assisted activities and reporting the data in the Disaster Recovery Grant Reporting (DRGR) system; and
- Maintaining paper or electronic records of assisted activities sufficient for HUD to determine compliance in accordance with CDBG-DR recordkeeping requirements.

Overseeing the CDBG-DR grant to ensure that CDBG-DR funds are used in accordance with all programs.

Knowledge Check: General Overview

1. The Consolidated Notice Guidebook does not establish new requirements but offers the following:
   A. Action Plan Guidance
   B. Technical Assistance
   C. Resources to inform the use and implementation of CDBG-DR funds.
   D. All of the Above

2. The major phases of the CDBG-DR grant process are 1) prepare pre-award submission documents; 2) submit the financial management and grant compliance certification checklist; and 3) implement approved public action plan.
   A. True
   B. False

3. The CDBG-DR appropriation acts make funds available for activities that are eligible under Title I of the Housing and Community Development Act of 1974. All of these CDBG-DR activities must be: CDBG-eligible (or eligible through a waiver or alternative requirement), meet a national objective, and meet an unmet recovery need that addresses a direct or indirect impact from an eligible disaster, or a mitigation need that addresses a risk identified in a mitigation needs assessment.
   A. True
   B. False

4. Within how many days of the applicability date of the Allocation Announcement Notice must grantees submit their Public Action Plan to HUD?
   A. 30 days
   B. 45 days
   C. 60 days
   D. 120 days

5. Only funds budgeted for activities established in the DRGR system can be drawn from the grantee's line of credit.
   A. True
   B. False

6. Choose one that is NOT a key responsibility of the CDBG-DR grantee:
   A. Designing and implementing recovery programs to meet unmet recovery needs.
   B. Reviewing and approving CDBG-DR action plans
   C. Tracking CDBG-DR assisted activities and reporting the data in the Disaster Recovery Grant Reporting (DRGR) system.
   D. Meeting community development needs that have urgent need

Eligible Activities

This section describes the many categories of activities that may be assisted using CDBG-DR funds. It also discusses a number of ineligible activities that may not be assisted. Guidance is also provided on documenting compliance with the CDBG-DR Consolidated Notice.

Most CDBG-DR appropriations acts require funds to be used for: "…necessary expenses for activities…related to disaster relief, long-term recovery, restoration of infrastructure and housing, economic revitalization and mitigation in the most impacted and distressed areas…"

Generally, if an activity is not specified in the HCDA, it is not considered eligible under the State CDBG program. However, if Entitlement regulations have made an interpretation that an activity is eligible under the HCDA, that interpretation of eligibility may then be applied to the State CDBG program and State CDBG-DR grantees. Additionally, the Consolidated Notice provides several waivers and alternative requirements for State CDBG-DR grantees to allow grantees to carry out activities directly, distribute funds to units of local government and Indian tribes, and use subrecipients to carry out activities in a similar manner to a CDBG Entitlement grantee.

CDBG-DR eligible activities derive from the HCDA; however, CDBG-DR appropriations acts require an additional layer to determine eligibility as CDBG-DR activities must be related to the disaster and long-term recovery. Disaster-related activities are those that demonstrate (1) a logical connection to the disaster, and (2) how the activity will contribute to long-term recovery. Grantees must determine what documentation is sufficient and reasonable to show how activities respond to a disaster-related impact (i.e., how grantees can document tie-back to the disaster).

> **TIP:** Documenting Tie-Back. For physical losses, grantees may use damage or insurance estimates or documentation from inspections. For economic or other non-physical losses, grantees may use post- disaster analyses or assessments (documenting relationship between loss and disaster).

Eligible Activities generally fall into one of the following categories:

- Housing.
- Restoration of infrastructure.
- Economic Revitalization.

Eligible activities include, but are not limited to:

- Constructing new housing for residents located in a floodplain;
- Buying severely damaged structures and relocating the affected household or business out of harm's way;
- Debris removal (when it is not covered by another source, such as FEMA);
- Rehabilitation of homes or buildings damaged by the disaster;
- Constructing or rehabilitating public facilities or improvements (e.g., streets, neighborhood centers, and water/sewer/drainage systems);
- Costs of environmental reviews and mitigation to offset environmental impacts;
- Code enforcement;
- Homeownership assistance (e.g., down payment assistance, interest rate subsidies, and loan guarantees);
- Public services (generally limited to no more than 15 percent of the grant);
- Helping businesses retain or create jobs;

- Planning (limited to a maximum of 15 percent of the total grant); and
- Grant administration (allows up to 5 percent of the total grant, plus 5 percent of program income generated by the grant)

Before carrying out any CDBG-DR activities to construct, reconstruct, or rehabilitate residential or non-residential structures, the grantee must establish resilience performance metrics for the activity. These resilience performance metrics are described in the Resilience, Hazard Mitigation, and Climate Action section of the guidebook.

Housing and Related Floodplain Issues

Statutory Citations	Regulatory Citations
Section 105(a)(24)	24 CFR 570.201(e); 24 CFR 570.201(n); Consolidated Notice
Section 105(a)(4)	24 CFR 570.201(a); 24 CFR 570.202; 24 CFR 570.201(d);
Section 105(a)(15)	24 CFR 570.204; 24 CFR 570.202; *Note that 24 CFR 570.207(b) is waived*
Section 105(a)(20)	24 CFR 570.201(k)
Section 105(a)(1)	24 CFR 570.201(a); 24 CFR 570.207; 24 CFR 570.202(d)
Section 105(a)(7)	24 CFR 570.201(b)
Section 105(a)(3)	24 CFR 570.202(c); 24 CFR 570.207
Section 105(a)(25)	24 CFR 570.202(f)

Housing activities may include, but are not limited to, new construction, reconstruction, and rehabilitation of single-family or multifamily units, homeownership assistance, and acquisition and buyout.

For CDBG-DR grantees subject to the Consolidated Notice, single family housing means four units or less, and multifamily housing is five or more units.

A grantee is required to include in its action plan a description of how the use of CDBG-DR funds will respond to its identified unmet housing needs. This description must include how the use of CDBG-DR funds for housing activities will address the identified unmet needs of public housing, affordable rental housing, housing for vulnerable populations, and other housing, including how the grantee will incorporate hazard mitigation measures and green building into its recovery efforts.

Most often, grantees use CDBG-DR funds to rehabilitate damaged homes and rental units. However, grantees may also fund

new construction or rehabilitate units not damaged by the disaster if the activity clearly addresses a disaster-related impact and is located in a MID area. Grantees are also encouraged to coordinate with HUD-certified housing counseling organizations and counselors to ensure that information and services are made available to both renters and homeowners. HUD's Office of Housing Counseling and HUD-approved Housing Counseling Agencies can be found at: https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?weblistaction=summary.

Housing Rehabilitation and Reconstruction

Rehabilitation and reconstruction of damaged housing units are the most common types of housing activities. HUD provides grantees the flexibility to design their rehabilitation and reconstruction programs in a way that best meets the needs of their residents. Grantees use the impact and unmet needs assessment in their disaster recovery action plan to define what those community needs are. Some examples of eligible types of programs and activities that may be funded include:

- Rehabilitating existing structures, including substantial rehabilitation programs that bring the property up to local codes and standards,
- Energy efficiency programs to improve the energy efficiency of homes through insulation, new windows and doors, and other similar improvements,
- Handicapped accessibility programs through improvements, such as grab bars and ramps,
- Repairs to a housing unit such as fixing a roof,
- Demolishing and re-building a unit in substantially the same manner,
- Grants, loans, loan guarantees, interest subsidies, and other forms of assistance to homeowners for the purpose of repairs, rehabilitation, or reconstruction.

Replacement of substantially damaged residential buildings must meet the Green and Resilient Building Standard described in the Consolidated Notice. Grantees should refer to the Environmental Review section below for more information on the appropriate building standards.

As a reminder, CDBG-DR funds can be used to acquire, rehabilitate, or construct rental housing, including affordable rental housing activities. When funding affordable rental housing activities, grantees are encouraged to use the LMI- Housing (LMH) national objective. When using the LMH national objective, these units must be rented to a low- and moderate-income person at affordable rents for the period specified.

Affordability Periods

The Consolidated Notice establishes the HOME Investment Partnerships Program (HOME) as the minimum standard for affordability. If a grantee chooses to apply another standard, the standard must meet or exceed the requirements established in HOME and must be enforceable. Examples of ways to enforce affordability periods are by using covenants and deed restrictions for the required period.

- **For rehabilitation or reconstruction of rental housing, the grantee must:** define "affordable rents" and rent to LMI households at affordable rents.
- **For new construction of affordable rental housing of 5 or more units to meet the LMH national objective, the grantee must:** define "affordable rents," the enforcement mechanisms, and timeframes that will apply to the new

construction of affordable rental housing.

- **For the construction of new single-family units for homeownership, the grantee must:** meet or exceed the applicable HOME requirements. Note, this requirement does not apply to housing units newly constructed or reconstructed for an owner-occupant to replace the owner-occupant's home that was damaged by the disaster.

The HOME requirements are located at 24 CFR 92.252(e) and 24 CFR 92.254(a)(4), including the tables.

New Construction

Section 105(a) and 24 CFR 570.207(b)(3) are waived to permit new housing construction. For example, a grantee may fund the new construction of affordable housing to address a decline in affordable housing units after the disaster. All new construction buildings must meet the Green and Resilient Building Standard which is described below in the Environmental Review section. A grantee can demonstrate the need for new construction by describing the disaster's overall effect on the quality, quantity, and affordability of the housing stock and the resulting inability of that stock to meet post-disaster needs and population demands. New housing construction activities are encouraged to meet the LMI national objective through LMH.

A grantee could do this by funding an affordable rental housing activity that is 100 percent dedicated to LMI persons or with mixed incomes, where 51 percent or more of the units benefit LMI persons.

For new construction of homes built for LMI households that include affordability requirements, grantees should establish resale or recapture requirements and describe those requirements in the initial action plan or substantial amendment (whichever the activity is proposed in). The resale or recapture requirements must clearly describe the terms of resale or recapture and the specific circumstances under which resale or recapture will be used. Affordability standards must be enforceable and imposed by recorded deed restrictions, covenants, or other similar mechanisms. The affordability requirements do not apply to housing units (newly constructed or reconstructed) for an owner- occupant when the grantee is replacing the owner-occupant's home that was damaged by the disaster.

Elevation Standards

For new construction, rehabilitation of substantial damage, or rehabilitation resulting in substantial improvement of residential structures (defined at 24 CFR 55.2(b)(10)) located in an area delineated as a special flood hazard area (or equivalent in FEMA's data sources), the elevation standards listed below apply.

- **All structures defined at 44 CFR 59.1 designed principally for residential use and located in the 1 percent annual (or 100-year):** must be elevated with the lowest floor, including the basement, at least two feet above the 1 percent annual floodplain elevation.
- **Mixed-use structures with no dwelling units and no residents below two feet above base flood elevation:** must be elevated or floodproofed, in accordance with FEMA floodproofing standards at 44 CFR 60.3(c)(3)(ii) or successor standard, up to at least two feet above base flood elevation.
- **All Critical Actions, as defined at 24 CFR 55.2(b)(3), within the 500-year (or 0.2 percent annual chance) floodplain:** must be elevated or floodproofed (in accordance with the FEMA standards at 44 CFR 60.3(c)(2)-(3) or successor standard) - to the higher of the 500-year floodplain elevation or three feet above the 100-year floodplain elevation.

Additionally, Critical Actions shall not be approved in floodways or coastal high hazard areas.

Examples of Critical Actions include hospitals, nursing homes, police stations, fire stations and principal utility lines.

Applicable State, local, and tribal codes and standards for floodplain management that exceed these requirements must be followed. Please note that grantees should review the UFAS accessibility checklist available at https://www.hud.gov/sites/documents/UFASAC_PHAS5708.PDF and the HUD Deeming Notice, 79 FR 29671 (May 23, 2014) to ensure that these structures comply with accessibility requirements.

As grantees review the elevation requirements found in the Consolidated Notice, HUD strongly encourages grantees to also review and consider applying elevation standards within a broader floodplain as determined in accordance with the Federal Flood Risk Management Standard (FFRMS), which was established in Executive Order 13690 in January 2015 to encourage Federal agencies to consider current and future risk when taxpayer dollars are used to build or rebuild near floodplains. HUD is one of twenty Federal agencies to discuss the implementation of the FFRMS and other flood resiliency activities as a part of the Flood Resilience Interagency Working Group (IWG). This group is focused on coordinating federal efforts on implementation of FFRMS and other flood priorities. The coordination will help to increase flood resilience and standards of safety against floods and sea level rise.

The FFRMS floodplain is the area subject to flooding as determined by the climate- informed science approach (CISA), freeboard value approach (FVA), or 0.2 percent annual chance flood approach (0.2PFA). More information on the FFRMS floodplain can be found in the Water Resource Council's Guidelines for Implementing Executive Order 11988 and 13690.

CDBG-DR funds may be used to enhance elevation and other flood proofing requirements to standards above those required by HUD. Although HUD does not currently have regulations in place to implement FFRMS, grantees can use the climate-informed science approach (CISA), freeboard value approach (FVA), or 0.2 percent annual chance flood approach (0.2PFA) to support their development of elevation standards that are necessary and reasonable.

Buyout Activities

Buyout activities are acquisitions for the purpose of reducing risk of property damage from future hazards. Grantees may buyout properties located in the floodway, floodplain, or other Disaster Risk Reduction Area. An important distinction from a buyout and an acquisition is that a buyout is subject to land use restrictions. Once a property has been acquired through a buyout, the land can only be used as open "green" space, recreational, floodplain or wetland management, or other disaster-risk reduction practices.

TIP: To designate a Disaster Risk Reduction Area for a buyout, the grantee must establish criteria in its policies and procedures that meet the following summary of requirements from section

1. II.B.7. of the Consolidated Notice. The area has been impacted or exacerbated by the qualifying disaster;
2. There is evidence that demonstrates the hazard is a predictable environmental threat to the safety and well-being of beneficiaries, including members of protected classes, vulnerable populations, and underserved communities; and
3. The area is clearly delineated so it is clear which properties are located within the designated area.

   Examples of environmental threats to the safety and well-being of beneficiaries can include poor water quality, increasing temperature, chemical pollution, and air pollution.

TIP: There are several data source that can be used to provide evidence that there is a predictable environmental threat to the safety and well-being of program beneficiaries. Examples of sources include FEMA's Repetitive Loss Data, EPA's Environmental Justice Screening and Mapping Tool, and HHS's climate change related guidance and data. Grantees can also use science to justify a threat to safety by using engineering and structural solutions propounded by FEMA, USACE, or other federal agencies.

New structures are not permitted on the land other than facilities that are open on all sides, a public restroom, or flood control structure. Examples of eligible uses are a park, campground, and outdoor recreation area. If a flood control structure is located on the land after a buyout, the structure cannot reduce valley storage, increase erosive velocities, or increase flood heights on the opposite bank, upstream, or downstream. Additionally, the local flood manager must approve the structure in writing before construction of the structure commences.

Grantees that choose to undertake a buyout program have the discretion to determine the appropriate valuation method, including paying either pre-disaster or post-disaster (fair market value). The grantee must apply its valuation method for all buyouts carried out under the program. In most cases, applying the pre-disaster valuation method provides assistance because the award amount is greater than the post-disaster value of the building.

TIP: When the purchase price exceeds the post disaster value, any CDBG-DR funds more than the fair market value is considered assistance to the seller, making the seller a CDBG-DR beneficiary. However, a program that provides post- disaster awards to buyout applicants merely provides the actual value of the property; thus, the seller is not considered a beneficiary of CDBG-DR assistance.

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If the grantee determines the post-disaster value of a property is higher than the pre- disaster value, a grantee may provide exceptions to its established valuation method on a case-by-case basis. The grantee must describe the process for such exceptions and how it will analyze the circumstances to permit an exception in its buyout policies and procedures. Each grantee must adopt policies and procedures on how it will demonstrate that the amount of assistance for a buyout is necessary and reasonable.

Real property acquisitions, including buyouts, undertaken with CDBG-DR funds (even if funds are used only for acquisition costs other than the purchase price) are generally subject to the requirements in URA regulations at 49 CFR part 24, subpart B, unless they satisfy an exception at 49 CFR 24.101(b)(1)–(5). For acquiring entities with eminent domain authority, the most relevant exception is commonly 49 CFR 24.101(b)(1), which requires that the acquisition satisfy a four-part test.

The four-part test and buyouts

With respect to the buyout of properties, an ''intended, planned, or designated project area,'' as referenced at 49 CFR 24.101(b)(1)(ii), shall be an area for which a clearly defined end use has been determined at the time that the property is acquired, in which all or substantially all of the properties within the area must be acquired within an established time period as determined by the grantee or acquiring entity for the project to move forward. Where moving forward with a project does not depend upon acquiring specific sites within established timeframes for a clearly defined end use, there is not an ''intended, planned, or designated project area.''

To illustrate this point, a grantee or acquiring entity's buyout would satisfy the criteria in 49 CFR 24.101(b)(1)(ii) with respect to the acquisition of property in the following examples:

- A broad buyout eligibility area is identified by the need to reduce risk, but no specific property must be acquired, or
- a clearly defined end use (i.e., more specific than the categories of open space, recreational, floodplain and wetlands management practices, or other disaster-risk reduction practices) has not been determined at the time of acquisition.

Grantees are reminded that the distinction between buyouts and other types of acquisitions is important because grantees may only redevelop an acquired property if the property is not acquired through a buyout program (i.e., the purpose of acquisition was something other than risk reduction). When properties are not acquired through a buyout program, the purchase price must be consistent with applicable uniform cost principles (and the pre-disaster fair market value may not be used). Geophysical (e.g. volcanos) and meteorological (e.g. wildland fires) disaster risk areas may also be identified by the grantee as Disaster Risk Reduction areas eligible for a buyout to reduce risk from future events. Grantees should take actions to promote an increase in hazard insurance coverage in these areas.

Grantees are encouraged to carry out property

acquisitions as a means of acquiring contiguous parcels of land for uses compatible with wildland-urban interface management practices. To the maximum extent practicable, grantees should avoid circumstances in which parcels that could not be acquired through a buyout remain alongside parcels that have been acquired through the grantee's buyout program.

Buyout national objectives

When designing and implementing a buyout activity, it is important grantees consider the impacts of the buyout to program beneficiaries, especially for LMI persons, vulnerable populations, and protected classes. As such, grantee should strive to use the LMH national objective when possible so that housing will, upon completion, be occupied by such persons. A buyout program that merely pays homeowners to leave their existing homes does not meet the requirements of the LMH national objective because it does not result in a LMI household occupying a residential structure.

National Objective	Buyout Implementation
LMI Housing	• Any assisted activity that involves acquisition of properties with another direct benefit (LMH activity) that results in occupancy and meets LMH national objective criteria. • Grantee must verify that the household secures new housing and provides additional assistance to secure it (must be permanent housing). • An example of a direct benefit might be providing down payment assistance.
LMI Area Benefit	• If the buyout area and subsequent greenspace benefit all residents of an area that is primarily residential and 51 percent or more LMI persons. • Grantee must define service area based on end use of property.
LMI Clientele	• The activity is restricted only LMI persons and benefits LMI sellers by acquiring the property for more than post-disaster value.
LMI Safe Housing Incentives	• The activity is tied to the voluntary acquisition of housing (including buyouts) owned by a qualifying LMI household for which the incentive is made to induce a move outside of the affected floodplain or disaster risk reduction area to a lower-risk area or structure; or • The activity is for the purpose of providing or improving residential structures that, upon completion, will be occupied by a qualifying LMI household and will be in a lower risk area. • While recommended, the new housing is not required to be permanent housing.
Urgent Need	• Buyout or Housing Incentive to households that are not at or below 80 percent AMI.

URA Voluntary Acquisition- Homebuyer Primary Residence Purchase

The requirement at 49 CFR 24.101(b)(2) is waived in connection with a homebuyer's voluntary purchase and occupancy of their primary residence. This waiver reduces the burdensome administrative requirements for homeowners following a disaster. This waiver has no effect on a displaced tenant's eligibility for URA relocation assistance as a result of the federally assisted acquisition. Grantees are reminded this waiver does not apply to agencies or entities acquiring homes on behalf of homeowners.

Homeownership Assistance

The Consolidated Notice waives 42 U.S.C. 5305(a)(24) in its entirety and creates an alternative requirement that permits the types of eligible activities at 42 U.S.C.

5305(a)(24)(A)-(E) for homeowners up to and including 120 percent AMI. The alternative requirement also permits grantees to provide up to 100 percent down payment assistance for homebuyers up to 120 percent AMI. Grantees are reminded that homeownership assistance for households above 80 percent AMI will need to use the urgent need national objective.

Infrastructure (Public Facilities and Public Improvements)

Statutory Citations	Regulatory Citations
Section 105(a)(2)	24 CFR 570.201(c); 24 CFR 570.207; 24 CFR 570.208

An infrastructure activity includes any activity or group of activities (including acquisition or site or other improvements), whether carried out on public or private land, that assist the development of the physical assets that are designed to provide or support services to the general public.

For example:

Surface transportation, including roadways, bridges, railroads, and transit; aviation; ports, including navigational channels; water resources projects; energy production and generation, including from fossil, renewable, nuclear, and hydro sources; electricity transmission; broadband; pipelines; stormwater and sewer infrastructure; drinking water infrastructure; and other sectors as may be determined by the Federal Permitting Improvement Steering Council.

For purposes of this requirement, an activity that falls within this definition is an infrastructure activity regardless of whether it is carried out under sections 105(a)(2), 105(a)(14), or another section of the HCD Act or a waiver or alternative requirement established by HUD.

Additionally, all newly constructed infrastructure that is assisted by a CDBG-DR funded infrastructure activity must be designed and constructed in a resilient manner to withstand extreme weather events and the impacts of climate change.

When proposing funds for infrastructure activities, the grantee's action plan must describe:

- How mitigation measures will be integrated into rebuilding activities and the extent to which infrastructure activities funded through this grant will achieve objectives outlined in regionally or locally established plans and policies that are designed to reduce future risk to the jurisdiction;
- How infrastructure activities will be informed by a consideration of the costs and benefits of the project;
- How the grantee will seek to ensure that infrastructure activities will avoid disproportionate impacts on vulnerable populations and create opportunities to address economic inequities facing local communities;
- How the grantee will align investments with other planned state or local capital improvements and infrastructure development efforts, and will work to foster the potential for additional infrastructure funding from multiple sources, including existing state and local capital improvement projects in planning, and the potential for private investment; and

- The extent to which the grantee will employ adaptable and reliable technologies to guard against premature obsolescence of infrastructure.

  TIP: Grantees are encouraged to review the additional guidance on predevelopment principles which are described in the Federal Resource Guide for Infrastructure Planning and Design: https://www.hud.gov/sites/documents/BAINFRARESGUIDEMAY2015.PDF

Typical infrastructure activities include the repair, replacement, or relocation of damaged public facilities and improvements including, but not limited to, bridges, water treatment facilities, roads, sewer and water lines, and storm water management systems.

the extent practicable. Section 502 of the Clean Water Act defines green infrastructure as

"...the range of measures that use plant or soil systems, permeable pavement or other permeable surfaces or substrates, stormwater harvest and reuse, or landscaping to store, infiltrate, or evapotranspirate stormwater and reduce flows to sewer systems or to surface waters."

The incorporation of green infrastructure can be a cost-effective solution to help communities save taxpayer money on public infrastructure investments and become more resilient.

Incorporation of Green Infrastructure

HUD encourages CDBG-DR grantees to implement green infrastructure policies to

Examples of benefits of green infrastructure include:

- Reducing flood-damage to homes and businesses;
- Improving water quality;
- Providing cost effective solutions;
- Increasing property values; and
- Reducing impervious surfaces.

Elements of green infrastructure can be integrated into a community, from small-scale elements to larger scale elements.

Examples of green infrastructure may include:

- Downspout Disconnection
- Rainwater Harvesting
- Rain Gardens
- Planter Boxes
- Bioswales
- Permeable Pavements
- Green Streets and Alleys
- Green Parking
- Green Roofs
- Urban Tree Canopy
- Land Conservation

Additionally, green infrastructure strategies are often most effective when they are coordinated at a regional scale. Therefore, partnerships and community engagement are critical when planning to pursue green infrastructure activities.

TIP: The U.S. Environmental Protection Agency (EPA) has several tools and resources for implementing green infrastructure. Two tools that can be especially helpful to CDBG-DR grantee are EPA's green infrastructure modeling and implementation tools at

https://www.epa.gov/green-infrastructure/green-infrastructure-modeling-tools and https://www.epa.gov/green-infrastructure/green-infrastructure-design and-implementation, respectively.

Economic Revitalization

Statutory Citations	Regulatory Citations
Section 105(a)(2)	24 CFR 570.201(c)
Section 105(a)(4)	24 CFR 570.202; 24 CFR 570.204
Section 105(a)(14)	24 CFR 570.201(o)
Section 105(a)(15)	24 CFR 570.201(o)
Section 105(a)(17)	24 CFR 570.203(a); 24 CFR 570.203(b); 24 CFR 570.201(c)
Section 105(a)(19)	24 CFR 570.201(p)

The attraction, retention, and return of businesses and jobs to a disaster-impacted area is critical to long-term recovery. Therefore, CDBG-DR activities that demonstrably restore and improve the local economy through job creation and retention are generally eligible. These activities are outlined in 24 CFR 570.203 and section 105(a)(17) of the HCDA.

Based on the U.S. Global Change Research Program's Fourth National Climate Assessment, climate-related natural hazards, extreme events, and natural disasters disproportionately affect low- and moderate-income individuals who belong to underserved communities because they are less able to prepare for, respond to, or recover from the impacts of extreme events and natural hazards.

When funding an economic revitalization activity, grantees must prioritize those underserved communities that have been impacted by the disaster and that were economically distressed before the disaster.

> **TIP:** The term "underserved communities" refers to populations sharing a particular characteristic as well as geographic communities that have been systematically denied a full opportunity to participate in aspects of economic, social, and civic life. Underserved communities that were economically distressed before the disaster can also mean those areas that were designated as a Promise Zone, Opportunity Zone, a Neighborhood Revitalization Strategy Area, a tribal area, or those areas that meet at least one of the distressed criteria established for the designation of a Community Development Financial Institution at 12 CFR 1805.201(b)(3)(D). Grantees undertaking an economic revitalization activity must maintain supporting documentation to demonstrate the eligibility of the area and how the grantee has prioritized the area for purposes of its economic revitalization activities.

All economic revitalization activities must address an economic impact(s) caused by the disaster (e.g., loss of jobs, loss of public revenue). Through its needs assessment and action plan, the grantee must clearly identify the economic loss or need resulting from the disaster, and how the proposed activities will address that loss or need. These types of activities may also address job losses, or negative impacts to tax revenues or businesses.

Examples of eligible activities include providing loans and grants to businesses, funding job training, making improvements to commercial/retail districts, and financing other efforts that attract/retain workers in devastated communities.

Working Capital

Grantees may provide many forms of assistance to businesses under the provisions of 105(a)(17) of the HCDA, including "working capital." The prioritization of assistance to underserved communities that were economically distressed before the disaster shall apply to this activity.

In past recovery efforts, grantees have inquired as to how a business's working capital needs should be calculated. Working capital is one facet of a business's need after a disaster; it is not, however, the vehicle by which to fund all of a business's unmet needs. In its simplest form, working capital is defined as "Current Assets minus Current Liabilities" on the business's balance sheet. In other words, working capital is the amount of cash needed to fund one year's

worth of liabilities (i.e., one year's worth of mortgage payments and other debt, tax and utilities, yearly wages, and accounts payable) after subtracting other current assets such as inventory and accounts receivable. Working capital does not include any expense for any form of construction or expansion of existing facilities, whether "hard" or "soft" costs. Therefore, grantees should not include expenses for construction or expansion of existing facilities in any calculation involving working capital, unless the grantee intends to provide a comprehensive assistance package that is subject to the environmental review requirements of 24 CFR Part 58. The provision of working capital constitutes an economic development activity under 24 CFR 58.35(b)(4) and may provide operating costs under 24 CFR 58.35(b)(3) and therefore, per 24 CFR 55.12(c)(1), are not subject to 24 CFR part 55 unless it includes expenses for construction or expansion of existing facilities. A grantee's environmental review record must document the determination of this exclusion from environmental review.

Underwriting

Notwithstanding section 105(e)(1) of the HCDA, no CDBG-DR funds may be provided to a for-profit entity for an economic development project under section 105(a)(17) unless such project has been evaluated and selected in accordance with guidelines developed by HUD pursuant to section 105(e)(2) for evaluating and selecting economic development projects. States and their subrecipients are required to comply with the underwriting guidelines in Appendix A to 24 CFR part 570 if they are using grant funds to provide assistance to a for-profit entity for an economic development project under section 105(a)(17) of the HCDA. The underwriting guidelines are found at Appendix A of Part 570 here.

CDBG–DR Funds as Match

Statutory Citations	Regulatory Citations
Section 105(a)(9)	24 CFR 570.201(g)

Section 105(a)(9) of the HCDA authorizes the use of CDBG-DR funds for "payment of the non-Federal share required in connection with a Federal grant-in-aid program undertaken as part of activities assisted". This means that CDBG-DR funds can be used to satisfy the non-federal match if the use of the funds otherwise meets all CDBG-DR requirements. FEMA and HUD jointly issued guidance for the use of CDBG-DR funds as the non-federal cost share (Local Match) for FEMA's Public Assistance program. The guidance describes baseline principles and other considerations associated with a "flexible match" framework that reduces administrative costs and promotes compliant use of CDBG-DR funds for Local Match. For example, if CDBG-DR funds are used for the non-federal share, the funds must:

1.) be a necessary expense that relates to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas;
2.) meet a national objective;
3.) be CDBG-eligible or eligible through a waiver and alternative requirement;
4.) follow applicable cross-cutting requirements (i.e. section 504, ADA, Davis Bacon, etc.)
5.) follow all CDBG-DR requirement (i.e., reporting in DRGR, performance reports, procurement, etc.)

CDBG–DR appropriations acts generally include a statutory order of assistance for Federal agencies. Although the language may vary among appropriations, the statutory order of assistance typically provides that CDBG-DR funds may not be used for activities reimbursable by or for which funds are made available by FEMA or the U.S. Army Corps of Engineers. This means that grantees must verify whether FEMA or the U.S. Army Corps of Engineers funds are available for an activity (i.e. the application period is open) or the costs are reimbursable by FEMA or the U.S. Army Corps of Engineers (i.e., the grantee will receive FEMA or the U.S. Army Corps of Engineers assistance to reimburse the costs of the activity) before awarding CDBG-DR assistance for costs of carrying out the same activity. If FEMA or the U.S. Army Corps of Engineers are accepting applications for the activity, the applicant must seek assistance from those sources before receiving CDBG-DR assistance. If the applicant's costs for the activity will be reimbursed by FEMA or the U.S. Army Corps of Engineers, the grantee cannot provide the CDBG-DR assistance for those costs.

In the event that FEMA or the U.S. Army Corps of Engineers assistance is awarded after the CDBG– DR assistance to pay the same costs, it is the CDBG-DR grantee's responsibility to recapture CDBG-DR assistance that duplicates assistance from FEMA or the U.S. Army Corps of Engineers.

Regardless of the funding source, ongoing communication is also important when using CDBG-DR funds for the non-federal share in an activity. Typically, the CDBG-DR grantee is a different entity from the entity requiring non-federal match. If this is the case, CDBG-DR grantees are encouraged to hold active communication with clearly assigned points of contact who oversee the other funding source to help mitigate the risk of noncompliance during the period of performance for the activity.

Federal Programs with Matching Requirements

Below are some examples of federal recovery and mitigation programs CDBG-DR funds can be used for as the non-federal share.

1. **FEMA Building Resilient Infrastructure and Communities (BRIC):** BRIC supports state and local communities, tribes, and territories as they undertake hazard mitigation projects, reducing the risks they face from disasters and hazard mitigation programs. Small Impoverished Communities are eligible for an increase in cost share up to 90 percent federal and 10 percent non-federal. The definition of a small, impoverished community is a community of 3,000 or fewer individuals identified by the Applicant that is economically disadvantaged, with residents having an average per capita annual income not exceeding 80 percent of the national per capita income, based on best available data.

   For more information, visit FEMA's website at https://www.fema.gov/grants/mitigation/building-resilient-infrastructure-communities

2. **FEMA Public Assistance (PA):** PA is a reimbursement program that provides federal funding to help communities respond to and recover from disasters. FEMA

reimburses state and local governments for at least 75 percent of eligible cost for disaster-related debris removal, emergency protective measures to protect life and property, and permanent repair work to damaged or destroyed infrastructure. For more information, visit FEMA's website at https://www.fema.gov/news-release/20200220/what-fema-public-assistance.

On January 3, 2020, FEMA and HUD signed a Memorandum of Understanding (MOU) that outlines a series of actions intended to streamline the use of CDBG-DR funds to satisfy the cost-share requirements of the Public Assistance (PA) Program. This included developing a joint Implementation Guidance (Guidance) that outlines a flexible approach to using HUD CDBG-DR funding for the PA local cost-share requirements (flexible match). The flexible match concept allows CDBG-DR funding to be applied to distinct facilities or sites within a PA project. Applying the flexible match concept reduces the number of sites that must meet both FEMA PA and CDBG-DR requirements. While all the sites and facilities must comply with FEMA PA requirements, only the CDBG-DR assisted portion of the project must comply with CDBG-DR requirements.

The Guidance can be found here: Implementation Guidance for Use of CDBG-DR Funds as Non-Federal Cost Share for FEMA's PA Program

3. **FEMA Hazard Mitigation Grant Program (HMGP):** HMGP includes long-term efforts to reduce the impact of future disasters. HMGP may fund projects for:
   - protecting or purchasing public or private property that experienced, or is in danger of experiencing, repetitive damage;
   - purchasing and removing a flood-prone property from an individual;
   - developing and adopting hazard mitigation plan; and
   - using aquifer storage and recovery, floodplain and stream restoration, flood diversion and storage, or green infrastructure methods that may reduce the impacts of flood and drought

FEMA provides up to 75 percent of the total amount of funds needed for mitigation projects. For more information, visit FEMA's website at https://www.fema.gov/grants/mitigation/hazard-mitigation

Reimbursement Programs

Grantees are permitted to charge to grants the pre-award and preapplication costs of homeowners, businesses, and other qualifying entities (the "applicants") for eligible costs incurred in response to an eligible disaster. Grantees may only charge the costs for rehabilitation, demolition, and reconstruction of single family, multifamily, and nonresidential buildings, including

commercial properties, owned by private individuals and entities, incurred before the applicant applies for CDBG-DR assistance. Entities providing CDBG-DR assistance must comply with cross-cutting requirements (i.e., Davis Bacon, Civil Rights, Lead-Based Paint, URA, etc.) and requirements in the Consolidated Notice, including the requirement to complete an environmental review before committing funds or beginning recovery activities. If a grantee cannot meet all requirements at 24 CFR part 58 and cannot demonstrate there was no environmental harm committed, the pre-application costs cannot be reimbursed with CDBG-DR funds.

It is important for a grantee to keep in mind that previous Appropriations Acts have generally provided funds for eligible CDBG activities that are "necessary expenses" of relief and recovery from major disasters. Therefore, grantees are required to ensure that all costs charged to a CDBG-DR grant are necessary expenses related to recovery. Response and recovery efforts begin the date of a disaster, before CDBG-DR assistance becomes available. As such, the reimbursement provision allows grantees to make funds available for necessary recovery assistance for private owners who used their own limited resources for short-term recovery-related costs after a disaster with no assurance of receiving CDBG-DR assistance. The terms of this provision are designed to ensure that short-term outlays do not impede long-term recovery. However, the terms are time-limited to ensure that CDBG-DR funds are expended only for necessary expenses of recovery.

TIP: This provision refers to applicants applying for CDBG-DR assistance and not the reimbursement of costs incurred by a grantee, its recipients or subrecipients on or after the incident date of the qualifying disaster. Pre-agreement activities incurred by the grantee are covered in the Action Plan Development and Implementation section of the Guidebook.

Planning and Planning-Only Grants

Statutory Citations	Regulatory Citations
Section 105(a)(12) and Section 105(a)(15)	24 CFR 570.483(b)(5); 24 CFR 570.205

Generally, planning costs are activities that support comprehensive planning. To assist state CDBG-DR grantees in carrying out comprehensive planning initiatives, the Department typically waives the requirements at 24 CFR 570.483(b)(5) and (c)(3). Instead, states must comply with 24 CFR 570.208(d)(4) when funding disaster recovery-assisted, planning only grants, or directly administering planning activities that guide recovery in accordance with the applicable appropriations act. State CDBG-DR grantees can award these "planning-only" grants to units of general local government for studies, analysis, and data gathering.

In addition, the types of planning activities that states may fund or undertake are expanded under the HUD waiver and alternative requirement provided in the Consolidated Notice, to be consistent with those of the CDBG Entitlement program, described at 24 CFR 570.205 which defines planning as "activities which consist of all costs of data gathering, studies, analysis, and preparation of plans and the identification of actions that will implement such plans." (24 CFR

570.205(a)). These planning activities may include functional land-use plans, open space plans, historic preservation plans, comprehensive plans, community recovery plans, the development of housing codes, zoning ordinances, and neighborhood plans. In the CDBG Entitlement program, these planning activities are presumed to meet a national objective under the requirements at 24 CFR 570.208(d)(4).

Technical Assistance (State Grantees)

Statutory Citations	Regulatory Citations
Section 101(c), Section 104(b), Section 105(a)(19), Section 105(c), and Section 106(d)(5)	N/A

A State grantee is required to include in its Implementation Plan how it will provide technical assistance and fill the knowledge gaps for successful and timely recovery. The Consolidated Notice establishes that the aggregate total for administrative and technical assistance expenditures must not exceed 5 percent of the grant plus program income.

There are two ways a state may provide technical assistance under CDBG-DR, depending on the purpose of the technical assistance activity. The grantee may provide technical assistance to increase the capacity of an entity carrying out an eligible activity that will meet a national objective or as part of its administrative costs set aside tosupport technical assistance and capacity building.

When a state grantee is providing technical assistance, the grantee should consider if a national objective will be met once the entity receiving technical assistance has undertaken the activity. The grantee should consider the following factors:

- The nature of the organization receiving the assistance;
- The type and eligibility of the activity to be carried out;
- The location of the activity; and
- The entity's expected clientele.

If classify its technical assistance as an administrative cost, the activity will not be required to meet a national objective. The methods for providing technical assistance to an entity should be described in its action plan and should be described in the grantees budget table.

The action plan for disaster recovery describes the proposed use of all funds, including the criteria for eligibility and how the uses address disaster relief and recovery in the most impacted and distressed areas. The action plan is made up of the following elements:

1. An impact and unmet needs assessment to inform the use of the grant;
2. Description of the connection of programs and projects to the unmet needs;
3. Descriptions of public housing, affordable rental housing, and housing for vulnerable populations;
4. Assessment of fair housing using civil rights data and advancing equity;
5. Description of infrastructure investments;
6. Description to minimize displacement;
7. Description of applicable allocation and award caps;
8. Standards of cost controls and warranties; and
9. Resilience planning.

Grantees are encouraged to incorporate disaster-recovery needs into their consolidated plan updates as soon as practicable. HUD has issued guidance for incorporating CDBG-DR funds into consolidated plans via HUD's eCon Planning Suite. This guidance has been recently updated and posted to HUD.gov: https://www.hud.gov/program_offices/comm_planning/cdbg-dr/news/consolidated-plan-updates-2022-02

Additionally, CDBG-DR funds may be used to reimburse allowable pre-agreement costs incurred by the grantee, its recipients or subrecipients (including Indian tribes and PHAs) on or after the incident date of the covered disaster, which can include eligible costs to develop an action plan. However, grantees must include any pre-agreement activities in their action plan once submitted, including any costs of eligible activities that were funded with short-term loans.

Impact and Unmet Needs Assessment

As part of the action plan, grantees must develop an impact and unmet needs assessment to understand the type and location of community needs and to target limited resources to the areas with the greatest need. The ultimate goal of the impact and unmet needs assessment is for the grantee to tell their community's story and demonstrate that the proposed use of funds will be responsive to the actual community needs.

TIP: On November 10, 2020, HUD hosted a webinar for CDBG grantees describing best practices to prioritize the greatest needs when selecting CDBG activities. While this webinar is directed to CDBG grantees, CDBG-DR grantees are encouraged to implement similar strategies when developing their unmet needs assessment. The webinar can be viewed on the HUD Exchange at https://www.hudexchange.info/trainings/courses/cdbg-best-practices-webinar-series-prioritizing-greatest-need-activities-webinar/3829/.

The quality of the assessment is tied to the quality and completeness of the unmet needs assessment. HUD has developed a

Disaster Impact and Unmet Needs Assessment Kit to guide CDBG-DR grantees through this process which can be viewed at https://files.hudexchange.info/resources/documents/Disaster_Recovery_Disaster_Impact_Needs_Assessment_Kit.pdf.

TIP: Grantees may also use HUD's AFFH at https://egis.hud.gov/affht/ or CPD's mapping tool at https://egis.hud.gov/cpdmaps/ to inform their analysis.

At a minimum, the impact and unmet needs assessment must evaluate all aspects of recovery, including housing, infrastructure, and economic revitalization. For housing, the assessment must evaluate:

- Interim vs permanent housing,
- Owner vs rental housing,
- Single vs multifamily units,
- Affordable vs market rate units, and
- Housing needs of persons who were homeless before the disaster.

An evaluation of each category is necessary to determine what the community's needs are and propose assistance that is responsive to the needs identified. Other considerations for the impact and unmet needs assessment are estimating which needs are likely to be addressed by other funding sources, whether public services are necessary for recovery, and the costs of incorporating hazard mitigation measures. For any planning activities, the grantee must describe how the activity will benefit the HUD-identified MID areas. All disaster impacts should be described geographically by type at the lowest level practicable.

Connection of programs and projects to Unmet Need

The action plan must provide a clear connection between a grantee's impact and unmet needs assessment and its proposed use of funds in the MID areas. The proposed use of funds should demonstrate a reasonably proportionate allocation of resources relative to areas and categories of greatest need or provide an acceptable justification for a disproportional allocation.

TIP: For example, the grantee's impact and unmet needs assessment demonstrates the following:

- 60% of unmet need for housing,
- 30% of unmet need for infrastructure, and
- 10% of unmet need for economic revitalization.

It would be reasonable for the grantee to propose to allocate 55% of its funds for housing, 35% for infrastructure, and 10% for economic revitalization activities. However, the grantee may determine that addressing unmet housing need is a priority. In that case, a grantee can propose to expend 75% of its funds for housing and 25% of its funds for infrastructure activities. The grantee would describe its justification for not addressing economic revitalization need.

Public Housing, Affordable Rental Housing, and Housing for Vulnerable Populations

It is important that the grantee analyzes and describes unmet need in various housing categories. To successfully analyze each

type of housing, the grantee should coordinate with local public housing authorities (PHAs), State Housing Finance agencies, and other HUD-funded programs (e.g., Section 8 Housing Choice Voucher Program, HOME, ESG, etc.) in the MID areas. When evaluating housing for vulnerable populations, the grantee must describe how CDBG-DR funds (or other sources) will promote housing and address transitional housing, prevention measures to keep LMI families from becoming homeless, and special needs of persons who require supportive housing.

TIP: 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.

Critical Partners and Data Tools

Key agencies that may be helpful in developing the impact and unmet needs assessment are FEMA, the U.S. Department of Transportation and Federal Highway Administration for transportation issues, the U.S. Small Business Administration, the U.S. Census Bureau, the U.S. Department of Agriculture, the U.S. Department of Labor, state departments of transportation, housing,community development, and housing finance agencies.

The longstanding data sharing agreement between FEMA with HUD and CDBG-DR grantees has been revised to address privacy-related issues identified in the applicable FEMA System of Records Notices (SORN). HUD worked with FEMA on a computer matching agreement (CMA) to ensure that HUD grantees will get the latest Individual Assistance program data from FEMA in order to build out their impact and unmet needs assessment, market their programs to potentially impacted individuals, and complete their duplication of benefits analyses for individual benefits. Grantees can view this revised agreement here: HUD & FEMA Data Matching Program Notice. More information and guidance on the new data sharing process for CDBG-DR grantees can be found here: https://www.hud.gov/program_offices/comm_planning/cdbg-dr/data-sharing

However, multiple entities collect data after a disaster occurs and may provide assistance. CDBG-DR grantees typically think of Federal sources such as FEMA, SBA, and the U.S. Army Corps of Engineers due to the nature of their programs. However, grantees may also find that the U.S. Department of Agriculture's Data and Statistics Agency and Farm Services Agency may provide valuable data that can be incorporated into the grantee's unmet needs assessment, depending on the type of the disaster and the disaster-damage.

The U.S. Department of Labor also has disaster unemployment assistance data that can be used to further inform the data collected and is often not considered in the unmet needs assessment. Additionally, there are other agencies and bureaus that can provide information when looking to compare the pre-disaster and post-disaster conditions. For example, the National Oceanic and Atmospheric Administration is a bureau within the Department of Commerce that aims to understand and predict changes in climate, weather, oceans, and coasts. They have several tools and resources available on their website that can be used when developing the unmet needs assessment.

Grantees are reminded that data for disaster assistance is also being collected by national and local aid organizations, state insurance providers, public transit providers, local utility companies, and local universities. To collect all necessary data, grantees should establish data exchanges with these types of entities to assist in determining the necessary and reasonable amount of assistance that has been, and potentially will be, provided. To facilitate the process, grantees are encouraged to involve community leaders in the process, execute data sharing agreements with key agencies, and to the extent possible, use existing systems to collect, store and protect data.

Additionally, grantees are encouraged to update their impact and unmet needs assessment on a regular basis to reflect how the recovery needs are evolving over time and if any additional resources have become available.

Ineligible Activities

An activity is generally considered ineligible if it meets any one of the following criteria:

- Is not located in a Presidentially declared disaster area;
- Does not respond to a disaster-related impact;
- Is explicitly prohibited by the appropriation law;
- Is ineligible under the applicable CDBG regulations (and a waiver has not been granted);
- Fails to meet a national objective; or
- Purchasing equipment is typically ineligible. Some equipment may be eligible, for example: fire protection equipment considered to be an integral part of a public facility, equipment that constitutes all or part of a public service, or equipment that is attached to a structure and becomes an integral fixture.

Additionally, CDBG-DR prohibits:

- providing compensation to beneficiaries for losses or other disaster related impacts,
- repaying the balance of a mortgage loan prior to using assistance to rehabilitate or reconstruct their home, and
- rehabilitating second homes.

While HUD originally prohibited assistance to privately-owned utilities through the Consolidated Notice, an alternative requirement was published on December 12, 2022 via a Waiver Memo on HUD.gov and then in subsequent notices at 88 FR 3198 and 88 FR 32046. This alternative requirement states that grantees under the Consolidated Notice may assist private for-profit, non-profit, or publicly owned utilities as part of disaster-related activities that are eligible under section 105(a) of the HCDA, or otherwise made eligible through a waiver or alternative requirement, provided that the grantee complies with several alternative requirements that can be found in either the Waiver Memo or notices cited above.

Knowledge Check: Eligible Activities

1. Eligible activities generally fall into one of the following categories: Housing, Restoration of infrastructure, and Economic Revitalization.
   A. True
   B. False

2. Which standard must all CDBG-DR funded new construction buildings meet?
   A. Action Plan Standard
   B. Green and Resilient Building Standard
   C. Hazard Mitigation Standard
   D. Affordability Standard

3. What should grantees establish within their initial action plan for the new construction of homes (5 or more units) built for households with low and moderate incomes?
   A. Affordability Requirements
   B. Resale or Recapture Requirements
   C. Definition of Critical Actions within their Action Plan
   D. A and B

4. What must a grantee clearly identify within its needs assessment and action plan for economic revitalization activities?
   A. Micro-Purchases
   B. Reimbursement Programs
   C. Relocation Assistance
   D. Economic loss

5. What is an important distinction between a buyout versus acquisition for redevelopment?
   A. Buyout is subject to strict and permanent land use restrictions.
   B. Redevelopment on an acquired property is allowed ONLY if the property is not acquired through a buyout program.
   C. The purpose of an acquisition for a buyout must be for risk reduction.
   D. All of the above

6. There are generally three different ways that planning may be done by a State CDBG-DR grantee: General planning to assist in determining community needs; planning that is related to implementing a CDBG-DR-assisted project; and planning for a specific project or activity ("a planning-only grant").
   A. True
   B. False

7. It is important for grantees to consider the impacts of the buyout to targeted Section 3 workers when designing and implementing a buyout activity.
   A. True
   B. False

Action Plan Development and Implementation

This section includes guidance on developing a CDBG-DR Action Plan in response to the Consolidated Notice, including steps to take when submitting the required pre-award submissions, the Implementation Plan, and the Public Action Plan. This section also moves into the Implementation phase of projects and activities, and includes relevant guidance on resilience planning and best practices when incorporating mitigation into long-term recovery.

Action Plan Development

The Action Plan for disaster recovery describes the proposed use of all funds, including the criteria for eligibility and how the uses address disaster relief and recovery in the most impacted and distressed areas. The action plan is made up of the following elements:

1. An impact and unmet needs assessment to inform the use of the grant;
2. Description of the connection of programs and projects to the unmet needs;
3. Descriptions of public housing, affordable rental housing, and housing for vulnerable populations;
4. Assessment of fair housing using civil rights data and advancing equity;
5. Description of infrastructure investments;
6. Description to minimize displacement;
7. Description of applicable allocation and award caps;
8. Standards of cost controls and warranties; and
9. Resilience planning.

Grantees are encouraged to incorporate disaster-recovery needs into their consolidated plan updates as soon as practicable. HUD has issued guidance for incorporating CDBG-DR funds into consolidated plans via HUD's eCon Planning Suite. This guidance has been recently updated and posted to HUD.gov: https://www.hud.gov/program_offices/comm_planning/cdbg-dr/news/consolidated-plan-updates-2022-02

Additionally, CDBG-DR funds may be used to reimburse allowable pre-agreement costs incurred by the grantee, its recipients or subrecipients (including Indian tribes and PHAs) on or after the incident date of the covered disaster, which can include eligible costs to develop an action plan. However, grantees must include any pre-agreement activities in their action plan once submitted, including any costs of eligible activities that were funded with short-term loans.

Pre-Award Evaluation of Management and Oversight of Funds

This section focuses on a grantee's responsibilities for pre-award submissions that are generally due to HUD prior to a CDBG-DR grantee signing a grant agreement. These requirements include the Financial Management and Grant Compliance Certification Checklist and the Implementation Plan.

Financial Management and Grant Compliance Certification

Generally, appropriations acts require that the Secretary certify, in advance of signing a grant agreement, that the grantee has in place proficient financial controls and procurement processes and has established adequate procedures to prevent any duplication of benefits as defined by section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), 42 U.S.C. 5155, to ensure timely expenditure of funds, to maintain a comprehensive website regarding all disaster recovery activities assisted with these funds, and to detect and prevent waste, fraud, and abuse of funds.

The grantee's Financial Management and Grant Compliance Certification Requirements (described in Section III.A.1 of the Consolidated Notice) are made up of the following components:

1. Proficient financial management controls,
2. Procurement,
3. Duplication of benefits,
4. Timely expenditures,
5. Comprehensive disaster recovery website, and
6. Procedures to detect and prevent fraud, waste, and abuse.

Frequency

A grantee submits this certification within 60 days of the effective date of the Allocation Announcement Notice, or with the grantee's submission of its action plan, whichever is earlier.

Relying on a Prior Certification

After that original grant, if a CDBG-DR grantee is awarded a subsequent CDBG-DR grant, HUD will rely on the grantee's prior submissions provided in response to the Financial Management and Grant Compliance Certification Requirements in the Consolidated Notice.

If a CDBG-DR grantee is awarded a subsequent CDBG-DR grant, and it has been more than three years since the executed grant agreement for the original CDBG-DR grant or a subsequent grant is equal to or greater than ten times the amount of the original CDBG-DR grant, grantees must update and resubmit the documentation required by paragraph III.A.1.a. with the completed Certification Checklist to enable the Secretary to certify that the grantee has in place proficient financial controls and procurement processes, and adequate procedures for proper grant management.

HUD will continue to monitor the grantee's submissions and updates made to policies and procedures during the normal course of business. The grantee must notify HUD of any substantial changes made to these submissions. The applicable Certification Checklists can be found on HUD.gov at https://www.hud.gov/program_offices/comm_planning/cdbg-dr/regulations. Note, there are two different checklists – one for states and one for units of local government.

Instructions for Completing the Certification Checklist

To complete the applicable Financial Management and Grant Compliance Certification Requirements, a grantee will affirm to the requirements provided in the Certification Checklist and submit the appropriate support documentation (including cross-references). After the instructions in the applicable Certification Checklist, there is a section titled, "Required Documentation." The grantee will check the box for each of the required documents selected to indicate to HUD that all documents are attached. Directly below, the grantee will list each file name or identifier, the title of the document, and the page numbers HUD should review. In this checklist, HUD also included a similar table for optional documents. The grantee can submit optional documentation, as needed, to support its proficiencies. Examples of optional documentation may include certain financial management policies and procedures (e.g., copies of financial policies that describe how the grantee accounts for a HUD program in a separate accounting fund or policies for how a grantee will maintain source documentation to support the financial management system records). After the documentation section, the grantee will complete Part A through Part F, and the certifying official will sign the Certification Checklist. Then, the grantee will submit the completed checklist to HUD within 60 days of the applicability date of the Allocation Announcement Notice or with the submission of the action plan, whichever is earlier. The grantee will work with its grant manager to arrange submission of the Certification Checklist and the required documentation. https://www.youtube.com/watch?v=mm8a_WmekM8

Proficient financial management controls

To meet this requirement, a grantee must:

- ✓ Submit its most recent single audit and consolidated annual financial report, and
- ✓ Complete the required Certification Checklist.

Procurement

To meet this requirement, a grantee must:

- ✓ Determine and adopt the grantee's procurement processes and standards as required in the Consolidated Notice, and
- ✓ Uphold the principles of full and open competition.

For states, the grantee must adopt one of the procurement processes permitted in the notice:

1. adopted 2 CFR 200.318 through 200.327; or
2. follows state procurement policies and procedures and establishes requirements for procurement policies and procedures for local governments and subrecipients based on full and open competition pursuant to 24 CFR 570.489(g), and the requirements applicable to the state, its local governments, and subrecipients include evaluation of the cost or price of the product or service; or

3. adopted 2 CFR 200.317, meaning that it will follow its own state procurement policies and procedures and evaluate the cost or price of the product or service, but impose 2 CFR 200.318 through 200.327 on its subgrantees and subrecipients.

For local governments, the grantee must adopt 2 CFR 200.318 through 2 CFR 200.327.

Grantees are also reminded that the requirements for professional services at 2 CFR 200.459 apply and costs for contracted professional and consultant services are eligible for grant funding, provided they are reasonable and allowable.

- **Necessary:** Is the cost for an eligible activity? Is there a need for the assistance? Is it for a permissible recovery purpose?
- **Reasonable:** Would a prudent person consider the cost to be payable by the award?
- **Allowable:** Is the cost necessary to the operation? Is the cost eligible?

In determining the allowability of costs, a number of factors are relevant, including the adequacy of the contractual agreement for the services (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions). Invoicing should include details to define the services being provided, such as specific deliverables and documentation of those deliverables, or time and effort records to support the services provided.

Additionally, technical assistance resources for procurement are available to grantees either through HUD staff or through technical assistance providers engaged by HUD or a grantee. HUD hosted a webinar on April 26, 2017 discussing updates and clarifications to procurement requirements that can be viewed on the HUD Exchange at https://www.hudexchange.info/trainings/courses/2017-cdbg-dr-updates-and-clarifications-to-procurement-requirements-for-states-at-2-cfr-200-webinar/1916/

Duplication of benefits (DOB)

To meet this requirement, a grantee must have policies and procedures that:

- ✓ Verify all sources of disaster assistance prior to awarding CDBG-DR funds,
- ✓ Determine unmet needs before committing CDBG-DR funds,
- ✓ Establish repayment agreements for any duplicative assistance for the same purpose,
- ✓ Monitor for compliance and including the following language in all agreements, "Warning: Any person who knowingly makes a false claim or statement to HUD or causes another to do so may be subject to civil or criminal penalties under 18 U.S.C. 2, 287, 1001 and 31 U.S.C. 3729.'',
- ✓ Use the best, most recent data from relevant sources (i.e., FEMA, SBA, Insurers) to prevent duplication of benefits, and
- ✓ Reflect the retreatment of loans for declined and cancelled loans, when applicable.

To comply with Section 312, a person or entity may receive financial assistance only to the extent that the person or entity has a disaster recovery need that has not been fully met. For example, grantees in jurisdictions in which FEMA has implemented its Permanent or Semi-Permanent Housing program must ensure that CDBG-DR funds are not duplicative of FEMA's funding.

In developing DOB policies and procedures, grantees can view the 2019 DOB

Notice (84 FR 28836), as may be amended. HUD hosted two webinars discussing duplication of benefits and updated requirements that can be viewed on the HUD Exchange at https://www.hudexchange.info/trainings/courses/duplication-of-benefits-understanding-and-applying-the-requirements/ and https://www.hudexchange.info/trainings/courses/duplication-of-benefits-webinar-2019/2970/.

DOB requirements are also found in the *Federal Register* notices implementing the Consolidated Notice (87 FR 6364, 87 FR 31636, 88 FR 3198, and 88 FR 32046). Grantees should always check their applicable notice to ensure they are following the correct set of DOB requirements.

Necessary and Reasonable Test

CDBG-DR grantees must apply the Necessary and Reasonable cost principles and audit requirements for Federal awards in subpart E of 2 CFR 200. Under the Cost Principles, a cost assigned to a grant

> ''*is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost''* (2 CFR 200.404).

Grantees must consider factors described at 2 CFR 200.404(a) through (e) when determining which types and amounts of cost items are necessary and reasonable. Based on these factors, HUD generally presumes that if a cost has been paid by another source, charging it to the Federal award violates the necessary and reasonable standard unless grant requirements permit reimbursement.

Timely expenditures

To meet this requirement, a grantee must indicate how they will:

- ✓ Track and document expenditures (grantee and subrecipients) each month,
- ✓ Account for and manage program income,
- ✓ Reprogram funds in a timely manner when there are delays, and
- ✓ Project all expenditures.

The projections of a grantee's expenditures enable HUD, the public, and the grantee to track proposed versus actual performance. The action plan should be amended for any subsequent changes, updates, or revision of the projections. To assist CDBG-DR grantees with their projections regarding the expenditure of funds over the life of the award and outcomes associated with planned activities, grantees can use the template on the HUD Exchange at https://www.hudexchange.info/resource/5734/cdbg-dr-grantee-projections-of-expenditures-and-outcomes/.

Comprehensive disaster recovery website

To meet this requirement, a grantee must:

- ✓ Have a separate website for CDBG-DR activities;
- ✓ Post the require information in an accessible form;
- ✓ Take steps to ensure meaningful access to Limited English Proficiency persons, members of protected classes, vulnerable populations, and individuals in underserved communities; and
- ✓ Indicate the frequency of website updates (minimum of quarterly).

Information that must be posted to a grantee's website are:

Action Plans	Citizen Participation Plan
DRGR Action Plans	Procurement Policies and Procedures
Quarterly Performance Reports	Summary of procured contracts

TIP: To assist grantees in preparing the summary of procured contracts, HUD has developed a template (the Contract Reporting Template). The template can be accessed at:

https://www.hudexchange.info/programs/cdbg-dr/cdbg-dr-laws-regulations-and-federal-register-notices/.

Procedures to detect and prevent fraud, waste, and abuse:

To meet this requirement, a grantee must:

- ✓ Verify the accuracy of applicant information,
- ✓ Adopt a procedure to evaluate the capacity of potential subrecipients,
- ✓ Adopt a monitoring plan for subrecipients, contractors and other program participants,
- ✓ Demonstrate that it has or will hire an internal auditor for programmatic and financial oversight,
- ✓ Provide a written standard of conduct and conflict-of-interest policy
- ✓ Establish a procedure for investigating and taking action when fraud occurs within the grantee's activities and/or programs.

TIP: To assist grantees in bolstering their fraud, waste, and abuse policies and procedures, HUD has a toolkit for avoiding scams post disaster that can be viewed at https://files.hudexchange.info/resources/documents/OHC-DR-Toolkit-Avoiding- Post-Disaster-Scams-and-Fraud.pdf.

CDBG-DR grantees must monitor subrecipients, contractors, and other program participants. HUD hosted two webinars to assist grantees in understanding the requirements for managing and monitoring subrecipients, learning record keeping requirements, and gaining effective strategies to avoid common mistakes. The webinars can be viewed on the HUD Exchange at https://www.hudexchange.info/trainings/courses/managing-and-monitoring-subrecipients/3676/ and https://www.hudexchange.info/trainings/courses/2016-cdbg-dr-subrecipient- management-and-recordkeeping- webinar/1022/.

Implementation Plan

The grantee's Implementation Plan describes the grantee's capacity to carry out the recovery and how it will address any capacity gaps. The grantee's Implementation Plan is made up of the following components:

1. Capacity assessment,
2. Staffing, and
3. Internal and interagency coordination

Frequency: An initial CDBG-DR grantee submits its Implementation Plan with its action plan for disaster recovery. After an initial award, a grantee will submit a subsequent Implementation Plan after three years of its initial grant or if the amount of a subsequent grant is equal to or greater than ten times the amount of its original CDBG-DR grant.

For example, a grantee receives a CDBG- DR grant for disasters occurring in 2021, 2022, 2024, and then 2025. The grantee would submit its initial Implementation Plan for the 2021 disaster with its action plan.

The grantee would not submit an Implementation Plan for its 2022 or 2024 award but would need to update or resubmit its 2021 submission when it submits its 2025 disaster recovery action plan.

If the 2022 or 2024 award is ten times the amount of the 2021 award, the grantee would need to update or resubmit its 2021 submission when it submits its 2022 disaster recovery action plan.

Steps to Capacity:

1. Assess your capacity;
2. Identify staffing positions, partners, and vendors;
3. Determine your approach to meeting capacity needs; and
4. Execute agreements with partners;

When a grantee is identifying staffing positions, grantees are encouraged to:

- Indicate which personnel or unit is responsible for tasks, and their contact information when available;
- Grantees should be aware of the significant capacity and staffing considerations for environmental reviews and mitigating impacts. A best practice would be to consider state or local environmental protection agencies, and make sure to reach out to them to create partnerships to better ensure environmental compliance and work out processes ahead of implementation;
- Describe how duties and responsibilities have checks and balances in place to separate duties (to the extent practicable) so that no one individual has complete authority over certain tasks. For example, financial transaction duties should be separate. Grantees should submit work-flow diagrams for major program areas (including financial management) and position descriptions that demonstrate the chain of command for each position.
- Document positions for the purpose of case management for housing, infrastructure, and economic revitalization programs; procurements and contracts; and compliance with Section 3, fair housing, cross-cutting requirements including the URA and section 104(d), and the elements within the certification submissions;

DRGR Requirements & Submittal of the Public Action Plan

HUD has provided guidance and training to grantees on how to develop the Public Action Plan in DRGR and the corresponding DRGR Action Plan (Projects and Activities).

Grantees can view HUD's webinars and related materials on the Public Action Plan in DRGR here: https://www.hud.gov/program_offices/comm_planning/cdbg-dr/grantees/drgr-public-action-plan

and

https://www.hudexchange.info/trainings/courses/drgr-public-action-plan-webinar1/4536/

General and appropriation-specific guidance for DRGR reporting requirements can be found on the HUD Exchange at https://www.hudexchange.info/programs/drgr/.

Public Action Plan and DRGR Action Plan

Each grantee must enter its action plan for disaster recovery, including projected performance measures and financial expenditure timelines, into HUD's Public Action Plan template in DRGR. Historically, the grantee has had two different action plans – the published action plan that meets the requirements of the notice and the DRGR action plan that describes the projects and activities in greater detail. Moving forward, CDBG-DR grantees will no longer develop action plans outside the system. HUD created the Public Action Plan in DRGR to assist grantees in the development of the action plan and to create consistency for all CDBG-DR action plans in the portfolio. This new process streamlines the development of the action plan (including any amendments) and the review and approval processes. The Public Action Plan contains a series of new functions that guide the grantee through the requirements for the action plan. The Public Action Plan allows grantees to provide narratives, insert data into tables, upload pictures, maps, etc.

The grantee will also establish Grantee Programs based on activity types such as "Housing", "Infrastructure", "Public Services", and "Economic Development" within the Public Action Plan in which later developed activities will be associated via the DRGR Action Plan. This will allow grantees with many projects or activities to report their financial and performance data at a level higher than by DRGR project(s) or activity(ies). The Public Action Plan will be submitted in DRGR, and HUD will review for completeness and approve/reject as necessary. Once the Public Action Plan is approved via DRGR, the grantee will then create its projects and activities within the DRGR Action Plan at a level of detail that is sufficient for grantees to submit acceptable performance reports and permits HUD review of grantee compliance with applicable requirements. The grantee must enter activities into the DRGR Action Plan at a level of detail sufficient to allow HUD to determine grantee compliance. To enter an activity into the DRGR system, the grantee must know the activity type, national objective, and the organization that will be responsible for completing the activity.

Each activity entered into the DRGR Action Plan must also be categorized under a "project." Typically, projects are based on groups of activities that accomplish a similar, broad purpose (e.g., housing, infrastructure, or economic revitalization), responsible organization (e.g. subrecipient

A) or are based on an area of service (e.g., Community A). For example, if a grantee chooses to describe a Grantee Program within its Public Action Plan as a broad activity type (e.g., single family rehabilitation), that program can be entered as a project in the DRGR Action Plan. Further, the budget of the program would be identified as the project's budget. Another example is if a state grantee has only identified the Method of Distribution (MOD) upon HUD's approval of the published Action Plan, the MOD itself typically serves as the projects in the DRGR Action Plan, rather than activity groupings. Activities can be added to MOD projects as subrecipients decide which specific CDBG-DR programs and projects will be funded.

Tracking oversight activities in the DRGR system; use of DRGR data for HUD review and dissemination

Each grantee must enter summary information on monitoring visits and reports, audits, and technical assistance it conducts as part of its oversight of its disaster recovery programs into the DRGR system. The grantee's Performance Report will include a summary indicating the number of grantee oversight visits and reports (see subparagraph 5 for more information on the Performance Report). HUD will use data entered into the Public Action Plan, DRGR Action Plan, Performance Reports, transactional data from the DRGR system, and other information provided by the grantee, to provide reports to Congress and the public, as well as to: (a) monitor for anomalies or performance problems that suggest fraud, waste and abuse of funds, and duplication of benefits; (b) reconcile budgets, obligations, funding draws, and expenditures; (c) calculate expenditures to determine compliance with administrative planning and public service caps and the overall percentage of funds that benefit low- and moderate-income (LMI) persons; and (d) analyze the risk of grantee programs to determine priorities for the Department's monitoring. Grantees must omit personally identifiable information (PII) reported in Performance Reports made available to the public.

Tracking program income in the DRGR system.

Grantees will use the DRGR system to draw grant funds for each activity. Grantees must also use the DRGR system to track program income receipts, disbursements, revolving loan funds, and leveraged funds (if applicable). If a state grantee permits local governments or subrecipients to retain program income, the grantee must establish program income accounts in the DRGR system. The DRGR system requires grantees to use program income before drawing additional grant funds and ensures that program income retained by one organization will not affect grant draw requests for other organizations.

DRGR System Performance Report

Each grantee must submit a Performance Report through the DRGR system no later than 30 days following the end of each calendar quarter. Within 3 days of submission to HUD, each Performance Report must be posted on the grantee's official disaster website. In the event the Performance Report is rejected by HUD, the grantee must post the revised version, as approved by HUD, within 3 days of HUD approval. The grantee's first Performance Report is due after the first full calendar year quarter after HUD signs the grant agreement. For example, a grant agreement signed in April requires a Performance Report to be submitted by October 30 for reporting period July-September. Performance Reports must be submitted on a quarterly basis until all funds have been expended and all expenditures and

accomplishments have been reported. If a satisfactory report is not submitted in a timely manner, HUD may suspend access to grant funds in DRGR until a satisfactory report is submitted, or may withdraw and reallocate funding if HUD determines, after notice and opportunity for a hearing, that the jurisdiction did not submit a satisfactory report.

Each Performance Report will include information about the uses of funds in activities identified in the DRGR action plan during the applicable quarter. This includes, but is not limited to, the project title, activity description, location description, and national objective; funds budgeted, obligated, drawn down, and expended; the funding source and total amount of any non–CDBG-DR funds to be expended on each activity; projected start and end dates and actual end dates of completed activities; achieved performance measures, such as number of housing units completed or number of low- and moderate-income persons served; and the race and ethnicity of persons assisted under direct-benefit activities. For all housing and economic development activities, the address of each CDBG-DR or CDBG-MIT assisted property must be recorded in the Performance Report. Grantees must not include such addresses in its public Performance Report; when entering addresses in the Performance Report, grantees must select "Not Visible on PDF" to exclude addresses from the report required to be posted on its official disaster website. The DRGR system will automatically display the amount of program income receipted, the amount of program income reported as disbursed, and the amount of grant funds disbursed. Grantees must include a description of actions taken in that quarter to affirmatively further fair housing, within the section titled "Overall Progress Narrative" in the DRGR system.

Impact and Unmet Needs Assessment

As part of the action plan, grantees must develop an impact and unmet needs assessment to understand the type and location of community needs and to target limited resources to the areas with the greatest need. The ultimate goal of the impact and unmet needs assessment is for the grantee to tell their community's story and demonstrate that the proposed use of funds will be responsive to the actual community needs.

TIP: On November 10, 2020, HUD hosted a webinar for CDBG grantees describing best practices to prioritize the greatest needs when selecting CDBG activities. While this webinar is directed to CDBG grantees, CDBG-DR grantees are encouraged to implement similar strategies when developing their unmet needs assessment. The webinar can be viewed on the HUD Exchange at https://www.hudexchange.info/trainings/courses/cdbg-best-practices-webinar-series-prioritizing-greatest-need-activities-webinar/3829/.

The quality of the assessment is tied to the quality and completeness of the unmet needs assessment. HUD has developed a Disaster Impact and Unmet Needs Assessment Kit to guide CDBG-DR grantees through this process which can be viewed at https://files.hudexchange.info/resources/documents/Disaster_Recovery_Disaster_Impact_Needs_Assessment_Kit.pdf.

TIP: Grantees may also use HUD's AFFH at https://egis.hud.gov/affht/ or CPD's

mapping tool at https://egis.hud.gov/cpdmaps/ to inform their analysis.

At a minimum, the impact and unmet needs assessment must evaluate all aspects of recovery, including housing, infrastructure, and economic revitalization. For housing, the assessment must evaluate:

- Interim vs permanent housing,
- Owner vs rental housing,
- Single vs multifamily units,
- Affordable vs market rate units, and
- Housing needs of persons who were homeless before the disaster.

An evaluation of each category is necessary to determine what the community's needs are and propose assistance that is responsive to the needs identified in a reasonably proportional manner. Other considerations for the impact and unmet needs assessment are estimating which needs are likely to be addressed by other funding sources (e.g., projected FEMA funds and estimated insurance) and whether public services (e.g., housing counseling, legal advice and representation, job training, mental health, and general health services) are necessary for recovery and how those services would need to be made accessible to individuals with disabilities including, but not limited to, mobility, sensory, developmental, emotional, cognitive, and other impairments.

Grantees must also take into account the costs and benefits of incorporating hazard mitigation measures to protect against the specific identified impacts of future extreme weather events and other natural hazards.

This analysis should factor in historical and projected data on risk that incorporates best available science (e.g., the most recent National Climate Assessment). Grantees can also access additional tools through HUD's Community Resilience Toolkit.

Connection of programs and projects to Unmet Need

The action plan must provide a clear connection between a grantee's impact and unmet needs assessment and its proposed use of funds in the MID areas. The proposed use of funds should demonstrate a reasonably proportionate allocation of resources relative to areas and categories of greatest need or provide an acceptable justification for a disproportional allocation.

TIP: For example, the grantee's impact and unmet needs assessment demonstrates the following:

- 60% of unmet need for housing,
- 30% of unmet need for infrastructure, and
- 10% of unmet need for economic revitalization.

It would be reasonable for the grantee to propose to allocate 55% of its funds for housing, 35% for infrastructure, and 10% for economic revitalization activities. However, the grantee may determine that addressing unmet housing need is a priority. In that case, a grantee can propose to expend 75% of its funds for housing and 25% of its funds for infrastructure activities. The grantee would describe its justification for not addressing economic revitalization need.

Public Housing, Affordable Rental Housing, and Housing for Vulnerable Populations

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

> **TIP:** 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.

Critical Partners and Data Tools

Key agencies that may be helpful in developing the impact and unmet needs assessment are FEMA, the U.S. Department of Transportation and Federal Highway Administration for transportation issues, the U.S. Small Business Administration, the U.S. Census Bureau, the U.S. Department of Agriculture, the U.S. Department of Labor, state departments of transportation, housing, community development, and housing finance agencies.

HUD is currently working with FEMA on a computer matching agreement (CMA) to ensure that HUD grantees will get the latest Individual Assistance program data from FEMA in order to build out their impact and unmet needs assessment, market their programs to potentially impacted individuals, and complete their duplication of benefits analyses for individual benefits. HUD and FEMA intend to have this process completed in the Spring of 2022.

However, multiple entities collect data after a disaster occurs and may provide assistance. CDBG-DR grantees typically think of Federal sources such as FEMA, SBA, and the U.S. Army Corps of Engineers due to the nature of their programs. However, grantees may also find that the U.S. Department of Agriculture's Data and Statistics Agency and Farm Services Agency may provide valuable data that can be incorporated into the grantee's unmet needs assessment, depending on the type of the disaster and the disaster-damage. The U.S. Department of Labor also has disaster unemployment assistance data that can be used to further inform the data collected and is often not considered in the unmet needs assessment. Additionally, there are other agencies and bureaus that can provide information when looking to compare the pre-disaster and post-disaster conditions. For example, the National Oceanic and Atmospheric Administration is a bureau

within the Department of Commerce that aims to understand and predict changes in climate, weather, oceans, and coasts. They have serval tools and resources available on their website that can be used when developing the unmet needs assessment.

Grantees are reminded that data for disaster assistance is also being collected by national and local aid organizations, state insurance providers, public transit providers, local utility companies, and local universities. To collect all necessary data, grantees should establish data exchanges with these types of entities to assist in determining the necessary and reasonable amount of assistance that has been, and potentially will be, provided. To facilitate the process, grantees are encouraged to involve community leaders in the process, execute data sharing agreements with key agencies, and to the extent possible, use existing systems to collect, store and protect data.

Additionally, grantees are encouraged to update their impact and unmet needs assessment on a regular basis to reflect how the recovery needs are evolving over time and if any additional resources have become available.

Citizen Participation

Before the grantee submits the action plan or a substantial amendment to the action plan to HUD, the grantee must publish the proposed plan or amendment prominently on the grantee's official disaster recovery website to afford citizens, affected local governments, and other interested parties a reasonable opportunity to review the plan or amendment. The grantee must provide a reasonable time frame (no less than 30 days) and method(s) (including electronic submission) for receiving comments on the action plan or substantial amendment. The grantee must consider all comments, received orally or in writing, on the action plan or any substantial amendment.

On March 17, 2016, HUD hosted a webinar covering the basics of a CDBG-DR action plan and the citizen participation process, including Limited English Proficiency (LEP) requirements. This webinar can be viewed on the HUD Exchange at https://www.hudexchange.info/trainings/courses/2016-cdbg-dr-action-plans-citizen-participation-and-limited-english-proficiency-webinar/986/.

Public Hearings

CDBG-DR grantees must convene at least one public hearing on the proposed action plan. The number of public hearings to be convened by a grantee shall be determined based upon the amount of the grantee's CDBG-DR allocation:

(1) CDBG-DR grantees with allocations under $500 million, are required to hold at least one public hearing in a HUD-identified MID area. The public hearing should occur before or during the initial public comment period; or

(2) CDBG-DR grantees with allocations that are $500 million or more shall convene at least two public hearings in the HUD-identified MID areas. At least one of these public hearings should occur before or during the initial public comment period, and all hearings are to be convened in different locations within the MID areas to ensure geographic balance and maximum accessibility.

Public hearings may be convened in-person or virtually through a number of unique and new formats. Each public hearing should consider the needs of those with disabilities and limited English proficiency.

- If a grantee is conducting in-person hearings, the hearings must be held in facilities that are physically accessible to persons with disabilities. Existing federal requirements provide that where physical accessibility is not achievable, grantees must give priority to alternative methods of product or information delivery that offer programs and activities to qualified individuals with disabilities in the most integrated setting appropriate under HUD's implementing regulations for Section 504 of the Rehabilitation Act (See 24 CFR part 8, subpart C).

- If the grantee is conducting a virtual hearing, the hearing must allow questions in real time, with answers coming directly from the elected representatives to all "attendees." Grantees who hold virtual hearings must update their citizen participation plans to describe their procedures for virtual hearings, including how it shall take appropriate steps to ensure effective communication as required by 24 CFR 8.6 and provide meaningful access for individuals with limited English proficiency.

For both virtual or in-person hearing, the grantee shall provide reasonable notification and access for citizens in accordance with the grantee's certifications, timely responses to all citizen questions and issues, and public access to all questions and responses. Effective communication is especially important for individuals with disabilities. Effective communication is generally provided by use of auxiliary aids and services, such as interpreters, computer-assisted rea time transcription, captioned videos, and documents in alternative formats (e.g., Braille or large print).

TIP: Other examples include:

- Telephone and video relay services to facilitate communication between people who are deaf, hard of hearing, or have speech impairments and people without hearing impairments. These services are provided free of charge under federal law and can be accessed by calling 711.
- Providing sign language interpreters, computer-assisted real time transcription (CART), and assistive listening devices when requested by individuals who are deaf or hard of hearing and must provide all written materials in accessible formats for persons who are blind or have low vision at public hearings.
- Creating accessible websites where text, images, buttons, and forms are accessible to blind persons who use screen readers, individuals with low vision who rely on screen magnifiers, and deaf persons who require text captions to access the audible content of videos and individuals who are blind or have low vision who require video description to access the visual content of videos.

Public website

The grantee must maintain a public website, as defined in section III.D.1.e. of the Consolidated Notice, that permits individuals and entities awaiting assistance and the general public to see how all grant funds are used and administered, including copies of all relevant procurement documents, grantee administrative contracts, details of ongoing procurement processes, and Action Plans and amendments.

To meet this requirement, each grantee must make the following items available on its website:

1. the Public Action Plan created using DRGR (including all amendments) and all vital documents;
2. each performance report (as created using the DRGR system);
3. citizen participation plan;
4. procurement policies and procedures;
5. all executed contracts that will be paid with CDBG-DR funds as defined in 2 CFR 200.22 (including subrecipients' contracts); and
6. a summary including the description and status of services or goods currently being procured by the grantee or the subrecipient (e.g., phase of the procurement, requirements for proposals, etc.).

Contracts and procurement actions that do not exceed the micro-purchase threshold, as defined in 2 CFR 200.67, are not required to be posted to a grantee's website.

Application status

The grantee must provide multiple methods of communication, such as websites, toll-free numbers, or other means to provide applicants for recovery assistance with timely information to determine the status of their application.

Citizen complaints

The grantee will provide a timely written response to every citizen complaint. The grantee response must be provided within 15 working days of the receipt of the complaint, or the grantee must document why additional time for the response was required. Complaints regarding fraud, waste, or abuse of government funds should be forwarded to the HUD OIG Fraud Hotline (phone: 1-800-347-3735 or email: hotline@hudoig.gov).

Citizen Participation Plan

The primary goal of a Citizen Participation Plan in CDBG-DR is to provide all citizens with an opportunity to participate in the planning, implementation, and assessment of the CDBG-DR recovery program(s).

Citizen Participation and Community Engagement Toolkit

Grantees should visit HUD's recently published "Citizen Participation & Equitable Engagement (CPEE) Toolkit" that can be found here in English or here in Spanish. The CPEE Toolkit is a resource to aid CDBG-DR grantees in centering equity in disaster recovery programs throughout an enhanced citizen participation process. The primary objective of this new resource is to provide grantees with tools and strategies to assist residents—especially low- and moderate-income (LMI) persons, vulnerable populations, protected classes under fair housing and civil rights laws, and underserved communities impacted by a disaster—to actively participate in the planning, implementation, and assessment of CDBG-DR programs and projects.

Watch this message of welcome from Tennille Parker, Director of the Disaster Recovery and Special Issues Division, Office of Community Planning and Development, the United States Department of Housing and Urban Development (HUD). https://youtu.be/5r0gfEdT-z0

Grantees should use the CPEE Toolkit when completing or updating a Citizen Participation Plan (CPP). The grantee should take time to develop policies and procedures for citizen participation throughout the lifecycle of the grant. The CPP facilitates citizen participation throughout the grantee's initial development of the action plan, substantial amendment

process, and any applicable annual performance reports. CPP regulations require grantees to demonstrate they are actively encouraging widespread citizen participation, with a particular emphasis on participation from LMI persons, residents of blighted areas, and predominately LMI areas, limited English speaking persons, persons with disabilities, and public housing residents and other low-income residents of targeted revitalization areas.

There are several resources available to support grantees in formulating, implementing, and maintaining an effective citizen participation plan. For example, soliciting input from all community members is a good place to begin to formulate the action plan. Soliciting feedback early in the process can increase citizen and stakeholder buy-in as well as ensure that the priorities of a community are understood.

To help facilitate feedback, grantees can use various outreach methods such as community meetings and surveys, or through other means of electronic and in-person communication to request ideas from citizens and stakeholders. Effective outreach offers a chance to discuss meaningful issues and provide examples of past issues that have been successfully addressed.

TIP: Outreach to advocacy organizations who work with specific sub-populations are also strongly encouraged to promote comprehensive citizen engagement. When specific populations are consistently under-represented at hearings or in public comment, grantees should establish specific, measurable goals to conduct more effective outreach to target these populations. These actions can build trust with the citizens in the community and also demonstrate that the grantee is providing opportunities for all citizens to be involved.

When the grantee is actively communicating with the stakeholders, more people in the community will be aware of the resources available for them and grantees should have higher rates of participation. Higher program participation can result in lower rates of citizen-complaints because the beneficiaries participating in the program should have a better understanding of how the grantee is attempting to meet their needs.

Grantees are also encouraged to establish a recovery task force with representative members of the private, public, and non-profit sector to advise the grantee on how it recovery activities can best contribute towards the goals of regional redevelopment plans.

Guidance on consultation with local stakeholders can be found in the National Disaster Recovery Framework and its discussion of pre- and post-disaster planning, at: https://www.fema.gov/emergency-managers/national-preparedness/frameworks/recovery.

Fair Housing, Civil Rights Data & Advancing Equity

Applicable Fair Housing and Civil Rights Laws

A CDBG-DR grantee must use its CDBG-DR funds in a manner that complies with its fair housing and civil rights obligations, including title VI of the Civil Rights Act of 1964, the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act, and Section 109 of the Housing and Community Development Act. For more information on these laws, please see https://www.hud.gov/program_offices/fair_housing_equal_opp/title_vi_civil_rights.

The Fair Housing Act

The Fair Housing act prohibits discrimination based on race, color, national origin, religion, sex (including gender identity and sexual orientation), familial status, and disability in housing related transactions.

Race and National Origin

Title VI of the Civil Rights Act (and Section 109 of the HCDA) prohibits discrimination based on race, color, or national original. Relevant to the CDBG program, these civil rights laws prohibit grantees from using allocation criteria or otherwise administering the grant in a manner that has the effect of discriminating based on race, color, or national origin. As discussed below, Title VI also requires that grantees take reasonable steps to ensure meaningful access for individuals with limited English proficiency.

Disability

Section 504 prohibits discrimination on the basis of disability in federally assisted programs or activities, including any program or activity that receives financial assistance from HUD. CDBG-DR Grantees are required to comply with Section 504. HUD's regulations for Section 504 that apply to federally assisted programs or activities may be found at 24 CFR § 8.

The Americans with Disabilities Act (ADA), like Section 504, prohibits discrimination on the basis of disability, however, its applicability is not dependent on the receipt of federal financial assistance. Title II of the ADA covers the programs, activities, and services provided by public entities, including any housing, developed or operated by states or units of local government. Title III of the ADA prohibits private entities that own, lease, and operate places of public accommodation from discriminating on the basis of disability and requires places of public accommodation and commercial facilities to be designed, constructed, and altered to be accessible.

Section 504 and the ADA also requires that grantees take appropriate steps to ensure effective communication with individuals with disabilities.

Civil Rights Data Analyses to Advance Equity

The Consolidated Notice requires grantees to provide an assessment in the action plan of whether their planned use of CDBG-DR funds will have an unjustified discriminatory effect on or failure to benefit racial and ethnic minorities in proportion to their communities' needs, particularly in racially and ethnically concentrated areas of poverty. The grantee must also address how the recovery needs of impacted individuals with disabilities will be met. For example, the grantee may establish an exception to its maximum award amounts for beneficiaries

with disabilities in order to adequately rehabilitate or reconstruct a home to meet or exceed ADA requirements.

To adequately create the assessment, the grantee must include the following data (when available) in all HUD- and grantee-identified MID areas.

1. Racial and ethnic make-up of the population, including sub-populations depending on activities and programs proposed by the grantee in the action plan.
2. LEP populations, including the number and percentage of each identified group.
3. The number and percentage of persons with disabilities, persons belonging to a Federally protected class, and other vulnerable populations.
4. Indigenous populations and tribal communities.
5. Racially and ethnically concentrated areas.
6. Concentrated areas of poverty.
7. Historically underserved communities.

In addition, grantees must identify the proximity of natural and environmental hazards (e.g., industrial corridors, sewage treatment facilities, waterways, EPA superfund sites, brownfields, etc.) to affected populations in the MID area, including members of protected classes, vulnerable populations, and underserved communities and explore how CDBG–DR activities may mitigate environmental concerns and increase resilience among these populations to protect against the effects of extreme weather events and other natural hazards.

Affirmatively Furthering Fair Housing

Grantees must also describe how their use of funds is consistent with the obligation to affirmatively further fair housing. This means that, in using their CDBG-DR funds, grantees must take meaningful actions, in addition to combating discrimination, to overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Consistent with this obligation, grantees are encouraged to consider how their proposed allocations, selection criteria, and other actions can be expected to advance equity for groups protected by the Fair Housing Act. For additional information on the AFFH obligation, grantees can refer to 24 CFR 5.151 and HUD's AFFH page, available here: https://www.hud.gov/program_offices/fair_housing_equal_opp/affh, which includes a variety of AFFH-related resources, including the Fair Housing Planning Guide and AFFH Rule Guidebook.

> **TIP:** Socially vulnerable populations can include age groups (e.g., elderly persons, children), family configurations (e.g., large families, families with disabled family members), immigrants and other persons with limited English proficiency (LEP), indigenous persons, and persons with a disability. Federally protected classes under the Fair Housing Act include race, color, national origin, religion, sex – which includes sexual orientation and gender identify – familial status, and disability.

Grantees are reminded that the term "vulnerable populations" may include members of protected classes but may not be fully inclusive of all protected classes. For example, members of vulnerable populations might include the elderly, persons with disabilities, persons with alcohol or other drug addiction, persons with HIV/ AIDS and their families, individuals and families that are homeless or at risk of becoming homeless, and public housing residents. In contrast, federally protected classes prohibit discrimination on the basis of race, color, national origin, religion, sex,

age, or disability. Therefore, grantees should clearly indicate its definition of vulnerable populations in the action plan, especially as it relates to the data in the grantee's impact and unmet needs assessment.

Grantees must describe how they will use the data to make funding decisions to advance equity and reduce barriers that individuals may face when enrolling in and accessing disaster recovery assistance. Grantees must identify the increased coordination and engagement that will be undertaken to assess the needs of these populations in the MID areas to provide equal opportunities for disaster recovery assistance and must describe how they will address the unmet needs of these populations, including other disaster recovery activities beyond housing.

TIP: In collecting data to support these requirements, grantees are encouraged to use federal government sources such as the most recent U.S. Census data, American Community Survey (ACS) data, FEMA data (i.e., National Risk Index for Hazards), AFFH-T the RAD Minority Concentration Tool, as well as any relevant local data and local knowledge. Grantees can also view the Resource Library in the CPEE that includes data tools at https://www.hudexchange.info/programs/cdbg-dr/cpee-toolkit/resource-library/

TIP: FEMA's National Risk Index is a new, online mapping application from FEMA that identifies communities most at risk. CDBG-DR grantees can access this tool at https://www.fema.gov/flood-maps/products-tools/national-risk-index. Using these resources, a grantee will be able to complete a demographic analysis and identify if racially and ethnically concentrated areas or concentrated areas of poverty are in the MID areas. This analysis will assist the grantee's assessment of how the use of CDBG-DR funds may affect members of protected classes. The grantee's analysis should be included in the action plan to support the grantee's conclusions.

Equity Considerations to Prevent Civil Rights Violations and to Affirmatively Further Fair Housing

BEST PRACTICES: Grantees are strongly encouraged to include examples of how their proposed allocations, selection criteria, and other actions can be expected to advance equity for protected class groups, as well as to explain and provide examples of how actions can be expected to advance the objectives listed below.

- Equitably benefit protected class groups in the MID areas, including racial and ethnic minorities, and sub geographies in the MID areas in which residents belonging to such groups are concentrated;
- To the extent consistent with purposes and uses of CDBG-DR funds, overcome prior disinvestment in infrastructure and public services for protected class groups, and areas in which residents belonging to such groups are concentrated, when addressing unmet needs;
- Enhance for individuals with disabilities in the MID areas (a) the accessibility of disaster preparedness, resilience, or recovery services, including the accessibility of evacuation services and shelters; (b) the provision of critical disaster-related information in accessible formats; and/or (c) the availability of integrated, accessible housing and supportive services.

Physical Accessibility Requirements

HUD's regulations implementing Section 504 provide that no qualified individual with

disabilities shall be denied the benefits of, excluded from participation in, or otherwise subjected to discrimination under any program or activity receiving HUD funding because the facilities are inaccessible to or unusable by individuals with disabilities (24 CFR § 8.20). HUD's Section 504 regulations set forth minimum physical accessibility requirements that must be met for new construction, alterations, and existing housing and non-housing facilities (24 CFR §§ 8.20, 8.21, 8.22, 8.23, 8.24, 8.29).

For new construction or substantial alterations of a multifamily housing project, a minimum of 5 percent of the total dwelling units, or at least one unit (whichever is greater), must be made accessible for individuals with mobility impairments, and an additional 2 percent of the units, or at least one unit (whichever is greater), must be made accessible for individuals with hearing or vision impairments. Compliance with the Uniform Federal Accessibility Standards (UFAS) or HUD's Notice on "Instructions for use of alternative accessibility standard" ("Deeming Notice"), https://www.govinfo.gov/content/pkg/FR-2014-05-23/pdf/2014-11844.pdf are deemed to comply with the technical accessibility requirements of HUD's Section 504 regulation (24 CFR § 8.32). Projects must also comply with requirements regarding the dispersal and tenanting of accessible housing units (24 CFR §§ 8.26, 8.27).

For more information on federal accessibility laws, see https://www.hud.gov/program_offices/fair_housing_equal_opp/physical_accessibility.

Communication Obligations

As a reminder, grantees must consider the availability and accessibility of their websites, documents, emails, and digital notifications for individuals with disabilities and individuals with LEP. The grantee must make the action plan, any substantial amendments, vital documents, and all performance reports available to the public on its website.

Ensuring Effective Communication with Individuals with Disabilities

Section 504 and the ADA require that grantees take appropriate steps to ensure effective communication with individuals with disabilities. Effective communication is generally provided through the use of appropriate auxiliary aids and services, such as interpreters, computer-assisted real time transcription (CART), captioned videos with audible video description, accessible electronic communications and websites, and documents in alternative formats.

The Grantee must ensure that the posting of documents on its website, including its action plan, substantial amendments, vital documents, and performance reports are accessible to individuals with disabilities. For additional information on creating accessible digital products, including documents and presentations, we recommend referring to the GSA's trainings and related guidance materials on its Section 508 compliance page, available at https://www.section508.gov/create/document s/. Ss

Ensuring Meaningful Access for individuals with Limited English Proficiency

Under Title VI, grantees take reasonable

steps to ensure meaningful access for individuals with limited English proficiency. Persons who do not speak English as their primary language and who have a limited ability to read, write, speak, or understand English can be limited English proficient, or ''LEP,'' and may be entitled to language assistance with respect to a particular type of service, benefit, or encounter.

Grantees should use the four factor analysis as a safe harbor to ensure accessibility. The four factors are: (1) the number or proportion of LEP persons eligible to be served or likely to be encountered by the program or grantee; (2) the frequency with which LEP persons come in contact with the program; (3) the nature and importance of the program, activity, or service provided by the program to people's lives; and (4) the resources available to the grantee/ recipient and costs. The four factors are intended to ensure meaningful access by LEP persons to critical services while not imposing undue burdens on small business, small local governments, or small nonprofit entities.

After applying the four-factor analysis, a recipient may conclude that different language assistance measures are sufficient for the different types of programs or activities in which it engages. For assistance in ensuring that this information is available to LEP population, and what **vital documents** should be included, recipients should consult the *Final Guidance to Federal Financial Assistance Recipients Regarding Title VI, Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons,* published on January 22, 2007, in the **Federal Register** (72 FR 2732) and at: https://www.lep.gov/guidance/HUD_guidance_Jan07.pdf

Grantees are also reminded LEP persons are not the only consideration when making documents available and accessible.
Documents must also meet accessibility standards and provide reasonable accommodations to persons with disabilities.

See the information below in the Section 504 of the Rehabilitation Act of 1973 and physical accessibility section of this document.

Additionally, HUD's Office of Fair Housing and Equal Opportunity has a number of resources available to assist CDBG-DR grantees which can be viewed at https://www.hud.gov/program_offices/fair_housing_equal_opp.

Knowledge Check: Action Plan Development

1. HUD created the Public Action Plan in DRGR to assist grantees in the development of the action plan and to create consistency for all CDBG-DR action plans in the portfolio.
    A. True
    B. False

2. Within what time frame should grantees promptly respond to every citizen's complaint?
    A. Immediately when received.
    B. 3-5 working days
    C. 7 working days
    D. 15 working days
    E. 30 calendar days

3. To provide an adequate assessment of whether CDBG-DR funds will have an unjustified discriminatory effect, grantees must include the following data in their action plan:
    A. Limited English Proficiency (LEP) populations, including the number and percentage of each identified group.
    B. Indigenous populations and tribal communities
    C. Racially and ethnically concentrated areas
    D. Historically underserved communities
    E. All of the above

4. Which of the groups described below could be considered a vulnerable population but would NOT be a Federally protected class group under fair housing and civil rights law?
    A. Disability
    B. Familial status
    C. Religion
    D. Elderly

Implementation of Recovery Activities

On June 15, 2020, HUD hosted a webinar to assist new grantees transition from developing the action plan to implementing projects and activities. This webinar discussed topics such as staffing, systems, project management, quality assurance and recordkeeping. HUD encourages CDBG- DR grantees to view this webinar on the HUD Exchange at https://www.hudexchange.info/trainings/courses/program-launch-action-plan-to-project-implementation/3464/.

There are a few different models a State CDBG-DR grantee may choose to use when implementing CDBG-DR funds.

Direct implementation model where the State CDBG-DR grantee administers the programs directly,

Partner model where the State CDBG- DR grantee funds other agencies, nonprofits, subrecipients, and contractors to administer the programs,

Method of distribution model where the State CDBG-DR grantee provides funding to Units of General Local Government to administer the programs, or

4. A combination of these implementation models.

When considering which model to select, grantees should assess the capacity of each entity to determine if the entity can administer the funds compliantly and timely. As a reminder, if a State CDBG-DR grantee is using a method of distribution, they must describe in their action plan how they will allocate its CDBG funds to the UGLG.

Additionally, HUD has developed a series of CDBG-DR toolkits that guide grantees through specific grant implementation activities. These can be found on the HUD Exchange website at https://www.hudexchange.info/programs/cd bg-dr/toolkits/

Resilience, Hazard Mitigation and Climate Action

The Consolidated Notice requires grantees to establish resilience performance metrics for activities to construct, reconstruct, or rehabilitate residential or non-residential structures to protect the public, including members of protected classes, vulnerable populations, and underserved communities from natural hazards, including hazards influenced by climate change. Grantees should align their mitigation measures and resilience performance metrics with hazard mitigation plans submitted to FEMA or other state, local, or tribal hazard mitigation plans. Grantees must establish the following performance metrics:

1) an estimate of the projected risk to the completed activity from natural hazards, including those hazards that are influenced by climate change (e.g., high winds destroying newly built homes),
2) identification of the mitigation measures that will address the projected risks (e.g., using building materials that are able to withstand high winds), and
3) an assessment of the benefit of the grantee's measures through verifiable data (e.g., 10 newly built homes will withstand high winds up to 100 mph).

Additionally, all newly constructed infrastructure that is assisted with CDBG-DR funds must be designed and constructed in a resilient manner to withstand extreme weather events and the impacts of climate change. The resiliency planning requirements and best practices are described more below.

Resilience Planning

The notice defines resilience as a community's ability to minimize damage and recover quickly from extreme events and changing conditions, including natural hazard risks. At a minimum, the grantee's action plan must contain a description of

how the grantee will:

- emphasize high quality, durability, energy efficiency, sustainability, and mold resistance;
- support adoption and enforcement of modern and/or resilient building codes and mitigation of natural hazard risk, including climate-related risks (e.g., sea level rise, high winds, storm surge, flooding, volcanic eruption, and wildfire risk, where appropriate) and provide for accessible building codes and standards, as applicable;
- establish and support recovery efforts by funding feasible, cost-effective measures that will make communities more resilient against a future disaster;
- make land-use decisions that reflect responsible and safe standards to reduce future natural hazard risks, including climate-related risks, and remove people and property out of harm's way;
- increase awareness of the hazards in their communities (including underserved communities) through outreach to the MID areas; and
- promote sound, sustainable long-term recovery planning informed by a post- disaster evaluation of hazard risk, including climate-related natural hazards.

As a reminder when planning for resilience, grantee's activities should know the appropriate fair housing and civil rights related state and local land use laws and practices. For example, see HUD and DOJ's joint statement: State and Local Land Use Laws and Practices and the Application of the Fair Housing Act[1].

The term "resilient community" is building on the foundation of hazard mitigation, which focuses on reducing or eliminating loss by incorporating mitigation measures into critical infrastructure and reducing the vulnerabilities a community faces when natural disasters occur[2]. Resilient communities take hazard mitigation a step further by actively incorporating resiliency measures when rebuilding or recovery from disaster.

Resilience planning must consider construction standards and land-use decisions that reflect responsible floodplain and wetland management and take into account continued sea level rise, if applicable; and coordinate with other local and regional planning efforts to ensure consistency.

> **TIP:** Grantees should make sure that resilience planning includes environmental staff, both the state regulatory agencies and CDBG-DR environmental review representatives to identify environmental and permitting issues which could streamline design and environmental reviews and permit issuances.

[1] This document can be viewed at https://www.justice.gov/opa/file/912366/download

[2] This information comes from NIST Community Resilience toolkit which can be found at https://www.nist.gov/community-resilience#:~:text=Overview,and%20recover%20rapidly%20from%20disruptions.&text=NIST%20focuses

Resilience planning should be based on the history of FEMA flood mitigation efforts and take into account the projected increase in sea level (if applicable) and the frequency and intensity of precipitation events.

CDBG-DR grantees must use the FEMA-approved Hazard Mitigation Plan (HMP) to inform the evaluation of hazard risk, and the HMP should be referenced in the action plan. To further inform resilience planning, FEMA also has a Resilience Analysis and Planning tool that can be viewed at https://www.fema.gov/emergency-managers/practitioners/resilience-analysis-and-planning-tool.

Hazard Classification and Risk Assessment

FEMA classifies threats and hazards as natural hazards, technological hazards, and human-caused hazards. Generally, CDBG-DR funds are appropriated for natural hazards.

The table below contains examples of common natural hazards, risks, and cascading events[3] in the United States.

Avalanche	Drought	Earthquake
Flood	Hurricane/Typhon	Tornado
Tsunami	Volcanic eruption	Landslide

Some of the examples above are also climate-related events. FEMA defines climate changes as

"*a statistically significant variation in either the mean state of the climate or in its variability, persisting for an extended period*." (pg. 54, FEMA Local Mitigation Planning Handbook)

[3] This information is pulled from FEMA's Threat and Hazard Identification and Risk Assessment (THIRA) and Stakeholder Preparedness Review (SPR) Guide https://www.fema.gov/sites/default/files/2020-04/CPG201Final20180525.pdf

When considering climate change, a grantee should ask the following questions:

- What types of weather and climate- related events have historically caused damage in this region?
- Are future climate conditions projected for this region?
- What does "normal" look like during each season compared to projections?

The U.S. Climate Resilience Toolkit provides several data sources and online tools that can be used to understand current and future risks. These resources can be viewed at https://toolkit.climate.gov/steps- to-resilience/explore-hazards.

When a significant event occurs, there are frequently cascading events or events that occur as a direct or indirect result of an initial event. To become more resilient, grantees are encouraged to use CDBG-DR funds to develop a disaster recovery and response plan that addresses long-term recovery and pre- and post-disaster hazard- mitigation, if one does not currently exist. A grantee should follow FEMA's processes to identify hazards and risks and assess the impact of those risks.

which can be viewed at https://www.fema.gov/sites/default/files/2020-04/CPG201Final20180525.pdf

Grantees should consider the likelihood of the hazard occurring and what the impacts of the hazard would be if it occurred.

FEMA provides specific steps when conducting a risk assessment to determine the potential impacts of a hazard to the community. First, risks must be defined. A risk is typically viewed as the potential for damage or loss to community assets. FEMA defines community assets as the people, structure, facilities, and systems that add value to a community. The type and severity of the hazard to the community's assets creates the risk. Once hazards and community assets have been identified, the risk must be assessed to understand the community's vulnerabilities.

Important considerations when describing a hazard includes the geographic area affected by the hazard, the strength or magnitude of the hazard, the previous occurrences of the hazard and the probability for it to occur again, and climate change. A grantee can also conduct a Benefit-Cost Analysis (BCA) for a project or activity. FEMA has a created a BCA toolkit that can be used by CDBG-DR grantees when evaluating the impact of a project. The toolkit can be viewed at https://www.fema.gov/grants/guidance-tools/benefit-cost-analysis.

HUD worked with FEMA staff on a webinar to walk through the use of the BCA Toolkit for CDBG mitigation (CDBG-MIT) funds. While the rules and requirements for CDBG-MIT do not apply to grants under the Consolidated Notice, CDBG-DR grantees may wish to view the webinar to learn how best to use the toolkit to weigh out the costs and benefits of selected projects. The webinar can be found here:

https://www.hudexchange.info/trainings/courses/cdbg-mit-webinar-series-using-fema-s-benefit-cost-analysis-bca-toolkit/

Resilience and Hazard Mitigation

There are several forms of mitigation actions that can be taken to reduce or eliminate risk. FEMA lists the following primary mitigation actions to be used to reduce long- term vulnerability:

- local plans and regulations,
- structure and infrastructure projects,
- natural system protections, and
- education and awareness programs (pg. 71)[4].

For more information about the types of mitigation actions, including the parties involved in each action, a grantee should refer to FEMA's Local Hazard Mitigation Planning Handbook at https://www.fema.gov/sites/default/files/2020-06/fema-local-mitigation-planning-handbook_03-2013.pdf. This handbook provides mitigation ideas, best practices, and types of hazard mitigation assistance.

Because of the timing of CDBG-DR funds, grantees are strongly encouraged to consult with the applicable agency(ies) administering FEMA's hazard mitigation grants and other regional mitigation grants. This is critical to understand and align its CDBG-DR program with FEMA's mitigation efforts, when feasible, to create a consistent recovery and mitigation approach.

Examples and Best Practices

For **tornadoes and hurricanes**, a grantee can provide a description in its action plan of how the grantee will mitigate against similar future disasters and incorporate, adopt, or promote wind-resistant building codes, standards, and other techniques that contain hurricane and wind resistant designs. Some common examples a grantee may choose to implement to meet this requirement are:

- Incorporating construction of safe rooms in homes, shelters, and other vulnerable public structures.

[4] FEMA Local Mitigation Planning Handbook: https://www.fema.gov/sites/default/files/2020-

- Adopting wind-resistant building techniques, such as structural bracing, straps and clips, anchor bolts, reinforced pedestrian and garage doors, window shutters, waterproof adhesive sealing strips, and interlocking roof shingles.

For **wildfire disasters**, a grantee can provide a description in its action plan of how the grantee will mitigate against similar future disasters and incorporate, adopt, or promote fire-resistant construction techniques that reduce future wildfire risk. Some common examples a grantee may choose to implement to meet this requirement are:

- Adopting and encouraging fire-resistant construction techniques, such as: the use of non-combustible materials (i.e., stone, brick, and stucco), fire resistant roofing and other materials, enclosing the foundations of homes and other buildings in wildfire-prone areas, prohibiting wooden shingles/wood shake roofs on any new construction in areas prone to wildfires, and encouraging functional shutters on windows.
- Reducing risk to structures and infrastructure by creating buffers around residential and non-residential structures through the removal or reduction of flammable vegetation or replacing flammable vegetation with less flammable species.

For **flood-related disasters**, a grantee can provide a description in its action plan of how the grantee plans to adhere to the advanced elevation requirements established in the notice and incorporate, adopt, or promote responsible floodplain and wetland management, including consulting the applicable industry standards.

06/fema-local-mitigation-planning-handbook_03-2013.pdf

For **flood-related disasters**, a grantee can provide a description in its action plan of how the grantee plans to adhere to the advanced elevation requirements established in the notice and incorporate, adopt, or promote responsible floodplain and wetland management, including consulting the applicable industry standards.

A grantee's decision to elevate structures in a particular neighborhood or local government should be cost reasonable relative to other alternative strategies, such as demolition of substantially-damaged structures with reconstruction of the structure on the same site, property buyouts, or infrastructure improvements to prevent loss of life and mitigate future property damage.

- Some common examples a grantee may choose to implement to meet this requirement are:
- Taking into account continued sea level rise, if applicable. This may include determining and enforcing acceptable land uses that will alleviate the risk of damage by limiting expose in the flood hazard areas.
- Consulting industry standards, such as the International Building Code (IBC), International Residential Code (IRC), and the American Society of Civil Engineers (ASCE) standards that specify minimum requirements and expected performance for the design and construction of buildings and structures in the flood hazard areas to make them more resistant to flood loads and flood damage.

For **earthquakes**, a grantee should provide a description in its action plan of how the grantee will mitigate against similar future disasters and incorporate, adopt, or promote relevant building codes, safety standards, and seismic retrofitting that will

protect critical facilities, infrastructure, and housing. Some common examples a grantee may choose to implement to meet this requirement are:

- Consult and incorporate industry standards, as appropriate, such as American Society of Civil Engineers (ASCE) for seismic evaluation of existing buildings, seismic rehabilitation of existing buildings; and procedures for post-earthquake safety evaluation of buildings.
- Protecting critical facilities, infrastructure, and housing by incorporating seismic retrofitting, hardening, and bracing. Some common examples of this are: flexible piping when extending water, sewer, or natural gas; installing shutoff valves and emergency connector houses where water mains cross fault lines; building safe rooms to provide protections; and anchoring rooftop mounted equipment and other furniture to reduce potential future damage.

While HUD requires grantees to adopt Green and Resilient Building Codes for new construction, reconstruction, and for rehabilitation activities of substantially damaged residential buildings, grantees are strongly encouraged to also incorporate Resilient Home Construction Standards into all of their CDBG-DR programs.

FORTIFIED is an industry recognized construction and re-roofing program that is designed to increase resiliency in homes and commercial buildings. There are two types of FORTIFIED programs:

1. FORTIFIED Home, and
2. FORTIFIED Commercial. FORTIFIED Home

The FORTIFIED Home program is a risk-reduction program providing construction standards for new homes and retrofit standards for existing homes, which will increase a home's resilience to natural hazards, including high wind, hail, and tropical storms. More information is available at https://fortifiedhome.org/about/.

- FORTIFIED Roof level should be used for roof repair or reconstruction;
- FORTIFIED Home Gold level should be used for new construction of single-family, detached home; and
- FORTIFIED Home Silver level should be used for reconstruction of the roof, windows and doors in existing homes.

Depending on the applicable level of FORTIFIED Home being used for the housing activity, grantees may consider setting higher standards. For example, the Bronze level uses ring shank nails on shingle roofs. Ring shank nails are most appropriate for properties that have asphalt roof shingles and may not be the best choice for all properties.

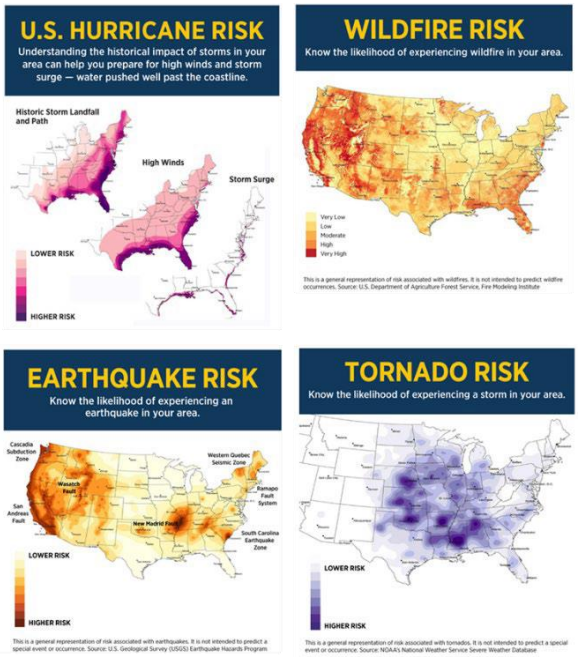
Insurers can provide discounts for homeowner's insurance for properties certified as FORTIFIED. Grantees should advise property owners to contact their insurance agent for current information on what discounts may be available.

FORTIFIED Commercial should be used for non-residential commercial structures such as schools, hospitals and municipal facilities. More information is available at https://fortifiedcommercial.org/.

The grantee's action plan should document if any of the MID areas are at risk for these types of natural hazards. The grantee can include maps such as these produced by USAA or NOAA to demonstrate the risks.

For example, the maps below show the likelihood of a hurricane, wildfire, earthquake, or tornado risk in different parts of the United States.

Figure 1: These images were pulled from USAA which uses



NOAA's National Weather Service Databases.

Knowledge Check: Implementation of Recovery Activities

1. There are a few different models a State CDBG-DR grantee may choose to use when implementing CDBG-DR funded activities. Grantees should assess the capacity of each entity to determine if the entity can administer the funds compliantly and timely.
   A. True
   B. False

2. Which of the following is NOT a resilience performance metric that grantees must establish within their action plan?
   A. An estimate of the projected risk to the completed activity from natural hazards, including those hazards that are influenced by climate change.
   B. Identification of the mitigation measures that will address the projected risks.
   C. Time limit of CDBG-DR funds for necessary recovery expenditures
   D. An assessment of the benefit of the grantee's measures through verifiable data

3. Multiple entities collect data after a disaster occurs and may provide assistance. Besides FEMA, SBA, and the U.S. Army Corps of Engineers, which other entity may provide grantees with valuable data to incorporate in their unmet needs assessment?
   A. US Department of Agriculture's Data and Statistics Agency
   B. National Oceanic and Atmospheric Administration
   C. US Department of Agriculture's Farm Services Agency
   D. All of the Above

4. HUD requires grantees to adopt a Certification Checklist for new construction, reconstruction, and for rehabilitation activities along with incorporating the Resilient Home Construction Standards. This will ensure an increase of resiliency in homes and commercial buildings.
   A. True
   B. False

Crossing-Cutting Requirements

Besides the rules and requirements specific to CDBG-DR, there are several broad Federal rules that must be followed when implementing programs with CDBG-DR funds. Grantees, their subrecipients, and contractors must be aware of these requirements and ensure that any activities are in compliance. The Guidebook covers the following areas: Environmental & Related Requirements; the URA, Section 104(d) and Related Relocation Requirements; Davis-Bacon & Related Acts; and the Section 3 Final Rule.

Environmental & Related Requirements

This section provides environmental resources and an overview of the environmental requirements covered by HUD's regulations at 24 CFR Part 50 and
58. In addition to Federal requirements, state and local laws may also apply.

In HUD's CDBG-DR Toolkit, a table of cross-cutting and federal requirements with regulatory references can be found at https://files.hudexchange.info/resources/doc uments/CDBG-DR-Crosscutting-Federal- Requirements-Overview.pdf. Below is additional guidance to assist grantees in promoting effective and sustainable recovery.

Environmental Review

All CDBG-DR grantees must complete an environmental and historic preservation compliance review before committing funds or beginning recovery activities. Generally, CDBG-DR appropriations acts prohibit HUD from waiving these requirements. HUD regulations at 24 CFR 58 allow the assumption of authority to perform the environmental reviews by responsible entities, which are units of general local government, such as a town, city, county, tribe, or state. Usually, the state will assume HUD's role as the responsible entity for its subrecipients.

The responsible entity is responsible for the scope and content of the environmental review. Generally, the following steps are necessary to complete a review:

- Develop a detailed project description
- Determine the appropriate level of review
- Complete the environmental analysis, including compliance with the related federal laws and authorities
- Obtain the necessary signatures
- Publish or post a Notice of Intent to Request a Release of Funds (NOI-RROF)
- Publish or post a Finding of No Significant Impact (FONSI), if necessary
- Wait for the applicable comment period to elapse
- Submit the Request Release of Funds and Certification (RROF/C) (HUD form 7015.15) to HUD
- HUD will approve the release of funds with an Authority to Use Grant Funds after the HUD 15-day objection period if no valid objections are received
- Revisit the review to address mitigation measures, reevaluate the project, or add another funding source, if applicable

Notice of FONSI	EA only	15 days when published or 18 days when mailing and posting
Concurrent or combined notices	EA only	15 days when published or 18 days when mailing and posting

The certifying officer of the responsible entity (the chief elected official, usually the mayor) signs the RROF/C and takes legal responsibility for the review. HUD responsibilities under Part 58 are very limited. HUD will receive the RROF/C from the responsible entity, accept public comments during the HUD objection period, and approve the use of HUD assistance through the Authority to Use Grant Funds (HUD form 7015.16). HUD will also periodically conduct in-depth monitoring of responsible entities' environmental review records.

Normally, CDBG-DR grantees are permitted to charge to grants the pre-award and pre-application costs of homeowners, businesses, and other qualifying entities for eligible costs these applicants have incurred, but this is contingent on meeting the environmental requirements at 24 CFR part 58 and not committing environmental harm.

On June 29, 2016, HUD hosted a webinar describing the environmental review requirements, timing and planning considerations to remain in compliance, and general tips to CDBG-DR grantees. This webinar can be viewed at https://www.hudexchange.info/trainings/courses/2016-cdbg-dr-environmental-review- webinar/1001/. In addition, CDBG-DR grantees are encouraged to look at the frequently asked questions posted on the HUD Exchange at https://www.hudexchange.info/programs/ environmental-review/disaster-recovery- and-environment/#frequently-asked-questions.

HUD also offers a Web-Based Instructional System for Environmental Review (WISER), a self-paced environmental review tool that teaches grantees how to understand and address all aspects of the environmental review process required for all HUD-assisted projects. WISER includes online learning modules that can be completed in any order. The modules assist grantees in understanding the overall requirements for assessing the environmental impacts of any HUD-assisted project and how to conduct particular components of an environmental review process. This tool can be found on the HUD Exchange at https://www.hudexchange.info/trainings/wiser/. WISER module topics include:

- Getting Started: Part 58
- Getting Started: Part 50
- Getting Started: Tools and Resources
- Environmental Assessment Factors
- Site Cntamination
- Water Elements
- Historic Preservation
- Explosive and Flammable Materials
- Noise Abatement and Control

- Environmental Justice
- Air Quality
- Endangered Species
- Airport Hazards
- Farmlands
- Wild and Scenic Rivers

Adoption of Another Agency's Environmental Review

The Disaster Relief Appropriations Act, 2013 (P.L. 133-2) permits grantees to adopt another Federal agency's environmental review where the HUD assistance supplements the Stafford Act and the other Federal agency performed an environmental review for assistance under section 402, 403, 404, 406, 407, or 502 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. Additionally, section 408(c)(4) was added to the sections under the Stafford Act for 2017 events. The other federal agency's environmental review must cover all project activities funded by the HUD recipient for each project. The recipient does not need to supplement the other agency's environmental review to comply with HUD regulations (i.e. publication or posting requirements for a FONSI, NOI-RROF, concurrent or combined notices, HUD objection period). For guidance on how to adopt another Federal agency's environmental review, view the CPD Memo at https://www.hudexchange.info/resource/284 8/adoption-fema-other-federal-environmental-reviews-processing-hurricane-sandy-supplemental-appropriation/. While this memo references appropriations in response to Hurricane Sandy, the requirements and process outlined in the memo apply to all CDBG- DR appropriations for supplemental assistance to actions performed under the Stafford Act.

Unified Federal Review

Section 1106 of The Sandy Recovery Improvement Act (Div. B of P.L. 113-2, enacted January 29, 2013) directed the Administration to "establish an expedited and unified interagency review process to ensure compliance with environmental and historic requirements under Federal law relating to disaster recovery projects, to expedite the recovery process, consistent with applicable law." The Unified Federal Review (UFR) process coordinates Federal agency environmental and historic preservation reviews for proposed disaster recovery projects associated with presidentially declared disasters under the Stafford Act.

The purpose of the UFR is to improve Federal decision making to allow for more timely and planned processes that yield better outcomes for communities and the environment when Federal funds and permits are used for disaster recovery projects. Grantees receiving an allocation of CDBG-DR funds are encouraged to participate in this process as one means of expediting recovery. The Responsible Entity, the unit of general local government (UGLG), county, or state within which the Project Site is located that exercises land use responsibility, formally participates in the disaster specific UFR by becoming a signatory for the UFR. Tools for the UFR process can be found on FEMA's website at https://www.fema.gov/sites/default/files/202 0-06/UFR_Applicant_Guide_Final.pdf and https://www.fema.gov/sites/default/files/202 0-06/Practitioner_Guidance_101014_Updated_Hyperlinks.pdf.

Historic Preservation

The Responsible Entity is required to comply with Section 106 of the National Historic Preservation Act of 1966 (54 U.S.C. Section 306108). To assist grantees, HUD has established a database of Disaster Recovery Programmatic Agreements (PAs) for Section 106 reviews that may apply to

CDBG-DR projects which can be viewed at https://www.hudexchange.info/resource/3675/section-106-agreement- database/. The database includes HUD addendum documents that allow states and local governments to use the streamlining procedures in a state's FEMA Programmatic Agreement, any state-specific protocols, and guidance issued to support historic preservation and disaster recovery in the disaster-impacted state. Additional Responsible Entities may adopt a HUD Addendum for their jurisdiction in consultation with HUD's Office of Environment and Energy at any time.

To further facilitate expedited Section 106 reviews, HUD strongly encourages grantees to allocate general administration funds to retain a qualified historic preservation professional and support the capacity of the State Historic Preservation Officer or Tribal Historic Preservation Officer to review CDBG-DR projects. For more information on qualified historic preservation professional qualifications standards, see https://www.nps.gov/articles/sec-standards-prof-quals.html.

For more information on historic preservation, see https://www.hudexchange.info/programs/environmental-review/disaster-recovery-and-environment/#historic-preservation.

Tiered Environmental Reviews

HUD strongly encourages Responsible Entities to develop a tiered approach to streamline the environmental review process for single-family housing programs. A tiered review consists of two stages: a broad-level review (conducted at the municipality or county level) and subsequent site-specific reviews. The broad-level review should identify and evaluate the issues that can be fully addressed and resolved, notwithstanding possible limited knowledge of the project.

In addition, the broad-level review must establish the standards, constraints, and processes to be followed in the subsequent site-specific reviews. An 8-Step Decision Making Process for Floodplains and Wetlands, including early and final public notices, can be completed on a county-wide basis for single-family housing programs funded through CDBG-DR. As individual sites are selected for review, the site-specific reviews evaluate the remaining issues based on the policies established in the broad-level review. Together, the broad-level review and all site-specific reviews will collectively comprise a complete environmental review addressing all required elements. Funds cannot be spent or committed on a specific site or activity until the site-specific review has been completed for the site.

For more information on when it is appropriate to tier an environmental review, please see https://www.hudexchange.info/programs/environmental-review/tiered-environmental-reviews/.

Flood Insurance

Federal grants provided for a property in a FEMA-designated Special Flood Hazard Area (SFHA) trigger a statutory requirement to maintain flood insurance on the property in perpetuity. CDBG-DR grantees must monitor for compliance with this requirement in accordance with 24 CFR § 58.6. If an individual receives federal disaster assistance conditioned on obtaining and maintaining flood insurance and fails to do so, the National Flood Insurance Reform Act of 1994 prohibits that person from receiving further federal disaster assistance for repair, replacement, or restoration for damage to that property in the future. In addition, the 1994 Act requires that, should the property be sold or transferred, the seller or transferor is required to notify the buyer or transferee in writing that flood insurance must be obtained and maintained.

HUD strongly recommends that grantees require the purchase of flood insurance outside of the SFHA for properties that have been damaged by a

flood. While this is not a requirement, it is a best practice to protect property owners from the economic risks of future floods and reduce dependence on Federal disaster assistance in the future.

For more information on flood insurance requirements and guidance, see the WISER Water Elements module at https://www.hudexchange.info/trainings/wiser/ and the Flood Insurance page on HUD Exchange at https://www.hudexchange.info/programs/environmental-review/flood-insurance/.

Green and Resilient Building Standards

The Green and Resilient Building Standard applies to:

1. All new construction and reconstruction (i.e., demolishing a housing unit and rebuilding it on the same lot in substantially the same manner) of residential buildings and
2. All rehabilitation activities of substantially damaged residential buildings, including changes to structural elements such as flooring systems, columns, or load-bearing interior or exterior walls above.

If the construction falls under those two categories and is assisted with CDBG– DR funds, it must meet an industry-recognized standard that has achieved certification under

a) Enterprise Green Communities;
b) LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development);
c) ICC–700 National Green Building Standard (NGBS) Green or NGBS Green+ Resilience (updated to add this additional standard in 88 FR 32046);
d) Living Building Challenge;
e) Any other equivalent comprehensive green building program acceptable to HUD.

Additionally, all such covered construction must achieve a minimum energy efficiency standard, such as

1. ENERGY STAR (Certified Homes or Multifamily High-Rise);
2. DOE Zero Energy Ready Home;
3. EarthCraft House, EarthCraft Multifamily;
4. Passive House Institute Passive Building or EnerPHit certification from the Passive House Institute US (PHIUS), International Passive House Association;
5. Greenpoint Rated New Home, Greenpoint Rated Existing Home (Whole House or Whole Building label);
6. Earth Advantage New Homes; or
7. Any other equivalent energy efficiency standard acceptable to HUD.

To improve long-term community resilience and protect communities from future disasters, the Consolidated Notice requires Green and Resilient Building Standards. In each project file, the grantee will identify which Green Building and Resilient Standard it will use for each project.
Grantees are not limited to only using one of the authorized standards.

For construction projects completed, under construction, or under contract before the date that CDBG-DR assistance is approved by the grantee for the project, the grantee is encouraged to apply

the applicable standards to the extent feasible, but the Green Building and Resilient Standard is not required. If specific equipment or materials are required, and an ENERGY STAR- or WaterSense- labeled or FEMP-designated product does not exist, grantees are not required to use such products.

Replacement and New Construction of Housing

As outlined in the section above the notice, grantees must meet the Green and Resilient Building Standard for all new construction of residential buildings and all replacement of substantially damaged residential buildings. Replacement of residential buildings includes, but is not limited to, reconstruction (i.e., demolishing and rebuilding a housing unit on the same lot in substantially the same manner) and changes to structural elements such as flooring systems, columns, or load bearing interior or exterior walls.

As another resource, the U.S. Environmental Protection Agency's smart growth program has a green building standard break down at https://www.epa.gov/smartgrowth/green-building-standards and a comparison chart of green building standards at https://www.epa.gov/smartgrowth/compari s on-green-building-standards. The charts may be helpful for a grantee to use when determining which green building standard is most applicable for a project. Grantees also have the option of presenting alternative standards to HUD that would be similar to the other codes listed, including the FORTIFIED Home program.

Rehabilitation of Non-substantially Damaged Residential Housing

For rehabilitation of non-substantially damaged residential buildings, grantees must follow the guidelines in the HUD CPD Green Building Retrofit Checklist, which is available at https://www.hudexchange.info/resource/368 4/guidance-on-the-cpd-green-building- checklist/. The goal of CPD's Green Building Retrofit Checklist is to promote the use of energy efficiency and green building practices. Some elements of the checklist may not be applicable in all climates and geographies. If this is the case, grantees should contact their HUD grant manager to see if there is an alternative that can be applied.

Grantees must apply these guidelines to the extent applicable for the rehabilitation work undertaken, including the use of mold resistant products when replacing surfaces such as drywall. When older or obsolete products are replaced as part of the rehabilitation work, ENERGY STAR- labeled, WaterSense-labeled, or Federal Energy Management Program (FEMP)- designated products and appliances are required. For example, if the furnace, air conditioner, windows, and appliances are replaced, the replacements must be ENERGY STAR-labeled or FEMP- designated products. Rehabilitated housing may also implement measures recommended in a Physical Condition Assessment (PCA) or Green Physical Needs Assessment (GPNA).

Knowledge Check: Environmental & Related Requirements

1. Generally, CDBG-DR grantees must complete an environmental and historic preservation compliance review before committing funds or beginning recovery activities.
    A. True
    B. False

2. The Responsible Entity is
    A. The unit of general local government (UGLG) (e.g., city, county, state, or Tribe) within which the Project Site is located that exercises land use responsibility
    B. Responsible for the scope and content of the environmental review
    C. Responsible for environmental review coordination across Federal partners via processes such as the Unified Federal Review
    D. All of the above

3. CDBG-DR grantees may adopt another Federal agency's environmental review if it covers all project activities funded by the HUD recipient for that project.
    A. True
    B. False

4. Choose one that is NOT true for a tiered environmental review:
    A. It streamlines the environmental review process by eliminating repetitive discussions of the same issues.
    B. The broad-level review and all site-specific reviews collectively comprise a complete environmental review.
    C. It consists of a broad-level review and concurrent site-specific reviews.
    D. It can be used to evaluate a single-family housing program with similar activities within a defined local geographic area and timeframe.

5. The Green and Resilient Building Standard applies to:
    A. All new construction and reconstruction of residential buildings
    B. All new construction and reconstruction of commercial buildings
    C. All rehabilitation activities of substantially damaged residential buildings.
    D. A and B only
    E. A and C only
    F. All of the above

URA, Section 104(d), and related Relocation Requirements

This section provides guidance and resources on the applicability and implementation of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (URA), section 104(d) of the Housing and Community Development Act of 1974, as amended, and CDBG Displacement, Relocation, Acquisition and Replacement of Housing program requirements that apply to CDBG-DR projects and activities. CDBG- DR funding is subject to the URA, section 104(d), and to the CDBG program regulatory requirements at 24 CFR 570.606. Some of those Federal requirements are subject to waivers and/or alternative requirements for disaster recovery purposes.
https://www.youtube.com/watch?v=NomOx eUV1tM

What is the URA?

The URA refers to a Federal law called the "Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970," as amended. The URA establishes minimum Federal requirements for the acquisition of real property and the displacement of persons from their homes, businesses, or farms as a direct result of acquisition, rehabilitation, or demolition for Federally-assisted programs and projects.
https://www.youtube.com/watch?v=efFouGDAHaI

Key Objective of URA

The key objective of the URA is to establish fair and equitable treatment of people whose property is acquired or who must move for a Federally funded project. The URA regulations at 49 CFR part 24, in part, establish minimum requirements for:

- Real property acquisition, including but not limited to, valuation, negotiations, and the payment of just compensation.
- Residential and nonresidential relocation.
- Temporary relocation.

URA Waivers and Alternative Requirements

The Consolidated Notice modifies the following URA regulatory requirements by providing waivers and alternative requirements:

1. **URA Voluntary Acquisition – Homebuyer Primary Residence Purchase:** The requirement at 49 CFR 24.101(b)(2) is waived in connection with a homebuyer's voluntary purchase of their primary residence. This waiver reduces the burdensome administrative requirements for homeowners following a disaster. This waiver has no effect on a displaced tenant's eligibility for URA relocation assistance as a result of the Federally-assisted acquisition.

2. **URA Replacement Housing Payments for Tenants:** The URA replacement housing payments requirements are waived only to the extent necessary to allow the grantee to meet all or a portion of a grantee's replacement housing payment obligation to a displaced tenant by offering rental housing through a rental housing program subsidy (e.g. housing choice voucher), if certain conditions are met.

What is Section 104(d)?

Section 104(d) refers to a section of a federal law called the "Housing and Community Development Act of 1974," as amended. Section 104(d) applies to the demolition or conversion of lower-income dwelling units in connection with a CDBG- or HOME-assisted activity. Section 104(d) regulations are found at 24 CFR part 42.

Objectives of Section 104(d)

- Minimize displacement by requiring grantees to create and follow a Residential Anti-displacement and Relocation Assistance Plan (RARAP) which includes but is not limited to, steps taken to minimize displacement of persons from their homes and neighborhoods.
- Provide relocation assistance for displaced lower-income persons as an alternative to URA-based payments.
- Replace lower-income dwellings demolished or converted to a use other than lower-income housing in connection with a CDBG-assisted activity.

Section 104(d)Waivers and Alternative Requirements

The Consolidated Notice modifies section 104(d) requirements by providing the following waivers and alternative requirements:

1) **Section 104 (d) one-for one replacement of lower-income dwelling units:** One-for-one replacement requirement are waived for owner-occupied lower-income dwelling units that are damaged by the disaster and not suitable for rehabilitation. This waiver does not apply to tenant-occupied and vacant occupiable lower-income dwelling units demolished or converted to another use other than lower-income housing in connection with a CDBG-DR assisted activity, which are generally subject to one-for-one replacement requirements.
2) **Section 104(d) relocation assistance:** Section 104(d) eligible displaced persons may choose either section 104(d) relocation assistance or URA relocation assistance. This waiver eliminates the persons' choice and limits the available relocation assistance to the amounts and types of assistance for displaced persons under the URA, as may be modified by the waivers and alternative requirements in the Consolidated Notice.
3) **RARAP Section 104(d):** Section 104(d) RARAP requirements are modified to add certain descriptions and steps that grantees must add to their RARAP for CDBG-DR activities. In addition, CDBG-DR grantees must either amend their exisiting RARAP or create a new RARAP for CDBG-DR purposes. See below for additional guidance.

Other Waivers and Alternative Requirements

CDBG displacement, relocation, acquisition, and replacement housing program regulations.

Optional relocation assistance

The Optional Relocation assistance waiver to 24 CFR 570.606(d) provides grantees with the flexibility to allow subrecipients to establish their own optional relocation policies rather than being limited for their development at the grantee level. Grantees may establish optional relocation policies or permit their subrecipients to establish separate optional relocation policies to be better tailored to specific community needs.

Waiver of Section 414 of the Stafford Act Section 414 preserves a homeowner-occupant's and tenant's eligibility for a replacement housing payment under the URA, due to their inability to meet length of occupancy requirements because of a Presidentially declared disaster. Section 414 and its implementing regulation at 49 CFR 24.403(d)(1) are waived for CDBG–DR funded projects commencing more than one year after the date of the latest applicable Presidentially declared disaster undertaken by the grantees, or subrecipients, provided the project was not planned, approved, or otherwise underway before the disaster.
This waiver assumes that after one year, most persons displaced by the disaster will have returned to their homes or established another permanent place of residence. The waiver also provides a definition for the phrase "project commencement".

TIP: Grantees are reminded that except for the modifications described above, all other URA, section 104(d), and CDBG related statutory and regulatory provisions apply to CDBG-DR grantees subject to the Consolidated Notice, unless otherwise waived.

URA, Section 104(d), and other Relocation Considerations for Implementation

Early in the project's planning process, the CDBG-DR grantee should coordinate with the subrecipient, developer(s), and property owner(s) when activities might trigger the URA and/or section 104(d) to minimize displacement or the adverse impacts of displacement before activities associated with temporary relocation or permanent displacement commence.

When implementing projects, early common-sense planning is necessary to ensure timely advancement and financial viability exhibiting sufficient funding to comply with the URA, section 104(d), and CDBG regulatory requirements at 24 CFR 570.606 (as modified by the Notice).

Written policies and procedures provide a roadmap for successful planning efforts and project compliance. These policies and procedures should specify key personnel responsible (typically by job title) for each of the administrative, acquisition, and relocation actions. CDBG-DR recipients should consider organizational staff capacity and experience and provide any necessary training to enable key personnel to successfully perform all relevant tasks required of them. HUD's free self-paced "URA the HUD Way" web training course should be considered for training purposes.

URA, 104(d), and CDBG related policies should be communicated early and often. For example, funding application guides and requests for proposals should clearly communicate acquisition and relocation policies. These policies should also be discussed in pre-award/start-up conferences for proposed projects.

CDBG-DR grantees are reminded that the grantee is solely responsible for ensuring compliance with URA, 104(d), and CDBG regulations at 24 CFR 570.606 (as modified by the Consolidated Notice), notwithstanding any contractor(s) or consultant(s) obligation to the grantee.

Minimizing Displacement Requirement

The CDBG-DR Action Plan must include a description of how grantees plan to minimize displacement. The description must include:

1. Plans to minimize displacement of persons and entities;
2. Plans to assist any persons or entities displaced;

3. Plans to address accessibility needs of displaced persons with disabilities; and
4. Planning and budgeting for relocation activities

Grantees must indicate in their Action Plan if they will be amending an existing RARAP or creating a new RARAP specific to DR.

The Action Plan must cover any actions necessary to ensure compliance with the RARAP for DR prior to implementing any activity.

RARAP for CDBG-DR

To meet this requirement, grantees will develop information in the RARAP that is specific to disaster recovery activities.

Grantees' descriptions should include steps to minimize displacement when displacement can be prevented and a description of all types of relocation assistance that will be provided to help minimize the adverse impacts of displacement where minimizing displacement is not reasonable, feasible or cost efficient and would not help prevent future loss.

These steps should be scoped to the complexity of the anticipated displacing activities and focused on planning and budgeting with special considerations to the challenges experienced by displaced persons and vulnerable populations.

Vulnerable populations are defined as a group or community whose circumstances present barriers to obtaining or understanding information or accessing resources, and should be defined further in a grantee's Action Plan.

Examples of activities the grantee can undertake to minimize or prevent displacement of persons may include:

- Stage rehabilitation of vacant apartment units first to allow tenants to transition into completed units, enabling them to remain in the building/complex, when feasible.
- Arrange for facilities with decent, safe, and sanitary units within the neighborhood to house persons who must be relocated temporarily during rehabilitation.
- Cost-efficient, feasible and reasonable mitigation measures will be considered before acquisition and demolition of residential units and permanent displacement of residents.

Examples of activities the grantee can undertake early in the planning phases to diminish the adverse impacts of displacement (when minimizing displacement is not reasonable, feasible, or cost-efficient) may include:

- Promote cooperation and coordination among government agencies, neighborhood groups and affected parties to inform displaced persons of assistance that may be available.
- Consult often with occupants of the site to adequately determine housing needs and advisory services.
- Identify comparable, affordable replacement housing to meet the needs of occupants who may be displaced.

Joint URA and Fair Housing Considerations

Grantees are also reminded to take into consideration the functional needs of persons with disabilities in the relocation process. Requirements for project planning and budgetary implications include:

- Identifying resources needed to address relocation impacts on minorities, the elderly, large families and persons with disabilities.
- Describing the assistance to displaced persons with disabilities to ensure they can relocate to housing that meets their sensory, mental, mobility, emotional

and/or other disability-related accessibility needs.

- Access to required supportive services, such as public transport, specialized public schools, etc.
- Communications with persons with sensory, cognitive, and developmental disabilities is accessible but also as equally effective as communication with nondisabled persons. (24 CFR Part 8, 24 CFR Part 100 and 28 CFR Part 35)
- Reasonable accommodation requirements of a displaced person with a disability at the replacement dwelling unit can be found at 49 CFR 24.2(a)(8) and Appendix A 24.2(a)(8)(vii).
- Guidance on relocation considerations for persons with disabilities can be found in Chapter 3 of HUD Handbook 1378.

Knowledge Check: URA, Section 104(d), and Related Relocation Requirements

1. The waiver and alternative requirement of Section 414 of the Stafford Act may apply to a CDBG-DR assisted project if the project commences more than one year after the applicable disaster and if it involves:
    A. Acquisition
    B. Rehabilitation
    C. Demolition
    D. All of the above
    E. None of the above

2. The Consolidated Notice provides a waiver and alternative requirement for the one-for-one replacement requirements at section 104(d) of the Housing and Community Development Act of 1974, as amended. The one-for-one replacement requirement applies to a CDBG-DR assisted project if it involves:
    A. Acquisition of lower-income dwellings in connection with a CDBG- DR-assisted activity
    B. Reconstruction of lower-income dwellings in connection with a CDBG-DR-assisted activity
    C. All of the above
    D. None of the above

3. The CDBG-DR Residential Anti-displacement and Relocation Assistance Plan (RARAP) must describe how the grantee plans to minimize:
    A. The displacement of persons from their homes and neighborhoods
    B. The displacement of persons and entities
    C. The adverse impacts of displacement
    D. All of the above

4. CDBG-DR grantees must certify that they have in effect and are following a Residential Anti-displacement and Relocation Assistance Plan (RARAP) that includes CDBG-DR and reflects the requirements described in the Consolidated Notice.
    A. True
    B. False

5. The Consolidated Notice modifies the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, by providing the following waivers and alternative requirements:
    A. URA Voluntary Acquisition – Homebuyer Primary Residence Purchase
    B. URA Replacement Housing Payments for Tenants
    C. URA Relocation Assistance
    D. A and B only
    E. All of the above

6. The one-for-one replacement requirements at section 104(d) of the Housing and Community Development Act of 1974 (HCDA), as amended, are waived for owner-occupied lower-income dwelling units that are damaged by the disaster and not suitable for rehabilitation.
    A. True
    B. False

Davis Bacon Requirements

CDBG-DR requires housing providers, housing developers, and contractors to comply with federal labor provisions, including Davis-Bacon and Related Acts (DBRA). This includes paying federal prevailing wage rates on covered projects. The guidance in this section will assist grantees to understand the federal labor standards requirements under DBRA.

Under Section 110(a) of the Housing and Community Development Act of 1974 (HCDA), laborers and mechanics employed by contractors and subcontractors on construction work "financed in whole or in part" with CDBG assistance must be paid not less than wages determined to be prevailing on similar construction work in the locality by the Secretary of Labor in accordance with the Davis Bacon Act (40 U.S.C. 3141 et seq.). In the following cases, Davis-Bacon prevailing wage requirements do not apply: to construction work prime contracts of $2,000 or less, to bona fide volunteers where procedures and requirements of 24 CFR § 70 are met, to force account work by employees of the grantee, to non-construction activities like storm debris removal, to demolition that is not followed by construction, to equipment installation costs so long as they do not exceed 13% of the total equipment cost, or to the rehabilitation, reconstruction, and demolition of residential property containing fewer than eight units.

Property is defined as one or more buildings on an undivided lot or on contiguous lots or parcels, which are commonly-owned and operated as one rental, cooperative or condominium project. Examples of 8 or more unit properties include:

- 5 townhouses side-by-side which consist of 2 units each.
- 3 apartment buildings each consisting of 5 units and located on one tract of land.
- 8 single-family (not homeowner) houses located on contiguous lots and operated as a single rental property.

When CDBG-DR assistance is provided to a project, but not utilized in construction costs, Davis-Bacon prevailing wages are not applicable. An example would be projects where CDBG-DR assistance is only utilized for land acquisition, soft costs, professional fees, and anything non-construction related. If construction work is ongoing when an application for reimbursement or financing of construction costs is submitted, then Davis-Bacon prevailing wage rates are applicable.

Under regulations of the Department of Labor (DOL) at 29 CFR §1.6 (g), where Federal assistance is not approved prior to contract award (or the beginning of construction if there is no contract award), Davis-Bacon wage rates apply retroactively to the beginning of construction and must be incorporated retroactively in the contract specifications. However, if there is no evidence that the owner intended to apply for the CDBG-DR assistance prior to the contract award or the start of the construction, HUD may request that DOL allow prospective, rather than retroactive, application of the Davis-Bacon wage rates. DOL may allow prospective application of Davis-Bacon requirements where it finds that it is necessary and proper in the public interest to prevent injustice or undue hardship and it finds no intent to apply for the federal assistance before contract award or the start of construction. The CDBG-DR grantee should contact its CPD representative and a HUD Labor Relations Specialist for assistance if such a situation arises. HUD Labor Relations Contact information is available at: https://www.hud.gov/program_offices/davis_bacon_and_labor_standards/laborrelstf

For activities that are subject to Davis- Bacon requirements, the CDBG-DR Grantee must carry out implementation, monitoring, enforcement, and reporting activities that are specified in HUD Handbook 1344.1 Rev 2, Chapter 1, Section 1-5.B. Additional resources on Davis-Bacon can be found on the HUD Exchange website: https://www.hudexchange.info/programs/davis-bacon-and-labor-standards/

Knowledge Checks: Davis Bacon Requirements

1. Under Section 110(a) of the Housing and Community Development Act of 1974 (HCDA), contractors and subcontractors who perform construction work "financed in whole or in part" with CDBG assistance must pay "Davis-Bacon prevailing wages" to laborers and mechanics. Paying Davis-Bacon prevailing wages means the wages are not less than wages determined to be prevailing on similar construction work in the locality, as determined by the Secretary of Labor in accordance with the Davis Bacon Act (40 U.S.C. 3141 et seq.).
   A. True
   B. False

2. Davis-Bacon prevailing wage requirements do not apply to construction work prime contracts of $5,000 or less.
   A. True
   B. False

3. Davis-Bacon prevailing wages apply to CDBG-DR assisted projects involving:
   A. Rehabilitation, reconstruction, and demolition of residential property containing less than four units
   B. Non-construction activities like storm debris removal
   C. Demolition that is not followed by construction.
   D. All of the above
   E. None of the above

4. Under regulations of the Department of Labor (DOL) at 29 CFR §1.6 (g), if Federal assistance has not been approved prior to contract award of construction activities, Davis-Bacon wage rates apply retroactively to the beginning of construction and must be incorporated retroactively in the contract specifications.
   A. True
   B. False

Section 3

The Section 3 program requires recipients of HUD funding to direct employment, training, and contracting opportunities to low-income individuals and the businesses that employ these persons within their community. This section will walk grantees through Section 3, which is a provision of the HUD Act of 1968 and is found at 12 U.S.C. 1701u. The regulations are found at 24 CFR Part 75.

The Section 3 Final Rule became effective on November 30, 2020 and is codified at 24 CFR part 75. The regulation simplifies and establishes Section 3 requirements. Section 3 contributes to the establishment of stronger, more sustainable communities by ensuring that employment and other economic opportunities generated by federal funds for housing and community development programs are directed toward low- and very low-income persons.

These opportunities are, to the greatest extent feasible, required to be given to low- and very low-income persons and business concerns, particularly those who are recipients of government assistance for housing or residents of the community in which the federal funds are spent. Where feasible, a grantee and its recipients should give priority for contracting opportunities and training to Section 3 workers residing within the service area or the neighborhood of the project, and participants in YouthBuild programs.

Section 3 Worker

A Section 3 worker is a worker who currently fits or when hired within the past five years fits at least one of the following categories:

An LMI worker that fell below HUD income limits for the previous or annualized calendar year.	Employed by a Section 3 business concern.	A YouthBuild participant.

Section 3 Targeted Worker

A Targeted Section 3 worker is a worker who meets the definition of a Section 3 worker, plus one of the following:

1. A worker employed by a Section 3 business concern, or
2. A worker who currently fits or when hired was living within the service area, neighborhood of the project, or is a YouthBuild. The grantee should document that the worker meets this definition within the past five years.

Business Concern

A Section 3 Business Concern creates a contracting priority for businesses that provide economic opportunities to LMI workers. This is accomplished by prioritizing Section 3 business concerns in the awarding of contracts. A business concern can be any type of business such as a sole proprietorship, partnership or a corporation, properly licensed and meeting all legal requirements to perform the contract under consideration. Grantees must certify that they are making efforts to prioritize contracting with Section 3 business concerns and are responsible for verifying that businesses meet the definition.

A Section 3 Business Concern is defined as a business that meets at least one of the following (documented within the last 6-month period):

1. At least 51 percent owned and controlled by low-or very low-income persons;
2. More than 75 percent of the labor hours performed for the business over the previous 3-month period are performed by Section 3 workers; or
3. At least 51 percent owned and controlled by current residents of public housing or residents who currently live in Section 8 assisted housing.

When do Section 3 Requirements Apply?

Projects that are financed with state, local or private matching or leveraged funds used in conjunction with HUD funds are covered by Section 3 if the amount of HUD funding for the project exceeds the $200,000 project threshold. For example, Section 3 applies to training or employment arising in connection with HUD-funded housing rehabilitation, housing construction, or other public construction projects, and related contracting opportunities if the amount of HUD funding exceeds the $200,000 project threshold.

To meet the requirements, grantees must include Section 3 language in any agreements or contracts for qualifying projects. However, contractors and subcontractors must meet the regulation's requirements, regardless of whether their agreements or contracts include Section 3 language. CDBG-DR grantees are encouraged to offer training to any contractors or subcontractors who may be new to Section 3 requirements. Grantees should also be regularly monitoring for contractor compliance; assisting contractors to obtain compliance; penalizing non-compliance; providing incentives for good performance; and refraining from entering into contracts with any contractor that previously failed to comply with the requirements of Section 3.

When don't Section 3 Requirements Apply?

Section 3 requirements do not apply to projects that do not include housing rehabilitation, housing construction or other public construction. For example, if CDBG- DR funds are used for direct homebuyer assistance or tenant-based rental assistance, the Section 3 requirements do not apply.
Section 3 requirements also do not apply to "materials-only" contracts or contracts that do not require any labor. An example of a materials-only contract is a contract for office or janitorial supplies only.

Section 3 Reporting Requirements

Grantees must track and report labor hours for three categories of workers on Section 3 projects: all workers, Section 3 workers, and Targeted Section 3 workers. "Labor hours" means the number of paid hours worked by persons on a Section 3 project or by persons employed with funds that include public housing financial assistance.

Grantees will report Section 3 data at the activity level data in DRGR. In instances where there are multiple funding sources, grantees must collect and report the same data across programs for consistency. For assistance with reporting in DRGR, please see the DRGR Guidance on Reporting Section 3 Labor Hours Fact Sheet

which can be found here: https://files.hudexchange.info/resources/documents/DRGR-Guidance-on-Reporting-Section-3-Labor-Hours-Fact-Sheet.pdf

For purposes of reporting the labor hours for Section 3 workers, an employer may choose whether to define the workers as Section 3 workers for a five-year period at the time of the workers' hire, or when the workers are first certified as meeting the Section 3 worker definition. The five-year period for a worker cannot begin before November 30, 2020; therefore, Section 3 workers hired prior to November 30, 2020 may be certified for a five-year period beginning November 30, 2020.

HUD offers guidance to grantees on how they can track and report on each of the three categories of workers as a safe harbor for compliance.

1. **Benchmark 1:** Twenty-five (25) percent or more of the total number of labor hours worked by all workers on a Section 3 project must be done by Section 3 workers (Section 3 Labor Hours/Total Labor Hours = 25%), and
2. **Benchmark 2:** Five (5) percent or more of the total number of labor hours worked by all workers on a Section 3 project must be done by Targeted Section 3 workers (Targeted Section 3 Labor Hours/Total Labor Hours = 5%).

HUD will consider grantees to have complied with Section 3 benchmarks, in the absence of evidence to the contrary if they certify to the prioritization of effort in 24 CFR 75.19 and meet or exceed the applicable Section 3 benchmarks. (HUD published a separate Benchmark Notice which established initial numeric goals, or benchmarks, to measure grantee compliance with the regulation).

If an activity does not meet the benchmarks, but the grantee can provide evidence that it has made qualitative efforts to provide LMI persons with employment and training opportunities, then HUD will consider the grantee compliant with Section 3, absent of evidence or findings obtained when monitoring (qualitative efforts are listed in 24 CFR 75.25).

If the project does not require time and attendance reporting, grantees may report to HUD using a good faith assessment. To do this, a grantee can report their own labor hours or that of a subrecipient, contractor or subcontractor based on the employer's good faith assessment of the labor hours of a full-time or part-time employee. This assessment should be informed by the employer's existing salary or time and attendance-based payroll systems.

Monitoring for Compliance

HUD will monitor CDBG-DR grantees for compliance with Section 3 using exhibits in the CPD Monitoring Handbook. To prepare for potential monitoring, grantees must establish and maintain documentation that:

- Demonstrates the workers meet the definition of a Section 3 worker or Targeted Section 3 worker,
- Reports total labor hours worked, and
- Certifies the employee met the requirements to receive the Section 3 worker status.

Grantees should retain documentation either at the time the employee is hired or the first reporting period.
Grantees are reminded that recordkeeping and record retention requirements continue to apply.

Knowledge Check: Section 3 Requirements

1. The Section 3 program is a provision of the HUD Act of 1968 that ensures that employment and other economic opportunities generated by Federal funds for housing and community development programs are directed toward low- and very low-income persons.
   A. True
   B. False

2. A Section 3 worker is a worker who currently fits, or when hired within the past five years fits, which of the following categories:
   A. A low- or moderate-income worker that fell below HUD income limits for the previous or annualized calendar year
   B. Employed by a Section 3 business concern.
   C. A YouthBuild participant
   D. A, B, or C
   a.
3. A *Targeted* Section 3 worker is a worker who meets the definition of a Section 3 worker, plus:
   A. A worker employed by a Section 3 business concern
   B. A worker who currently fits or when hired was living within the service area, neighborhood of the project, or is a YouthBuild participant.
   C. A or B
   D. A and B
4. A Section 3 Business Concern is defined as a business that meets the following requirements (documented within the last 6-month period):
   A. At least 51 percent owned and controlled by low-or very low-income persons
      More than 75 percent of the labor hours performed for the business over the previous 3-month period are performed by Section 3 workers
   B. At least 51 percent owned and controlled by current residents of public housing or residents who currently live in Section 8 assisted housing
   C. At least 51 percent owned and controlled by current residents of public housing or residents who currently live in Section 8 assisted housing
   D. A, B, or C
   E. None of the above

5. Projects that are financed with state, local or private matching or leveraged funds used in conjunction with HUD funds are covered by Section 3 if the amount of HUD funding for the project exceeds the:
   A. $100,000 project threshold
   B. $200,000 project threshold
   C. $500,000 project threshold
   D. $1,000,000 project threshold
6. Section 3 requirements apply to projects that use CDBG-DR funds for:
   A. Housing rehabilitation, housing construction, or other public construction
   B. Homebuyer assistance or tenant-based rental assistance
   C. “Materials-only” contracts or contracts that do not require any labor, such as a contract for office or janitorial supplies only

Other Resources

This section includes a list of acronyms, definitions, and additional resources for grantees using this guidance to understand the requirements in the CDBG-DR Consolidated Notice.

ACRONYMS LIST

AMI	Area Median Income
CBDO	Community Based Development Organization
CDBG	Community Development Block Grant
CDBG-DR	Community Development Block Grant Disaster Recovery
CDE	Community Development Entity
CDFI	Community Development Financial Institution
CFR	Code of Federal Regulations
CO	Certifying Officer
CPP	Citizen Participation Plan
CPD	HUD's Office of Community Planning and Development
DOB	Duplication of Benefits
DRGR	Disaster Recovery and Grant Reporting
DRSI	HUD's Disaster Recovery and Special Issues Division
FEMA	U.S. Federal Emergency Management Agency
HCDA	Housing and Community Development Act of 1974, as amended
HMGP	Hazard Mitigation Grant Program (administered by FEMA)
HUD	U.S. Department of Housing and Urban Development
IA	Individual Assistance (administered by FEMA)
LMH	Low- and Moderate-Income Housing
LMI	Low- and Moderate-Income
LMJ	Low- and Moderate-Income Jobs
NFIP	National Flood Insurance Program
PA	Public Assistance (administered by FEMA)
RE	Responsible Entity
SBA	U.S. Small Business Administration
UGLG	Unit of General Local Government
URA	Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as Amended
USACE	U.S. Army Corps of Engineers

DEFINITIONS

Activity	Associated with one project and one Grantee Program in DRGR. Activities contain the most information used by HUD to monitor for compliance with programmatic requirements.
Certification Checklist	A document that incorporates all of the Financial Management and Grant Compliance Certification Requirements described in the Consolidated Notice in section III.A.1.a(1) through (6).
Critical Actions	Any activity for which even a slight chance of flooding would be too great, because such flooding might result in loss of life, injury to persons or damage to property
Disaster Risk	1) the area has been impacted by the hazard that

Reduction Area	has been caused or exacerbated by the disaster for which the grantee received its CDBG-DR allocation; 2) the hazard identified must be a predictable environmental threat to the safety and well-being of program beneficiaries, including members of protected classes, vulnerable populations, and underserved communities, as evidenced by the best available data (e.g., FEMA Repetitive Loss Data, EPA's Environmental Justice Screening and Mapping Tool, HHS's climate change related guidance and data, etc.) And science (such as engineering and structural solutions propounded by FEMA, USACE, other federal agencies, etc.); and 3) the area must be clearly delineated so that HUD and the public may easily determine which properties are located within the designated area.
DRGR Action Plan	A comprehensive description of projects and activities.
Federally Protected Classes	Protected classes under the Fair Housing Act are race, color, national origin, religion, sex—which includes sexual orientation and gender identity—familial status, and disability.
Financial Management and Grant Compliance Certification Requirements	Appropriations acts require that the Secretary certify that the grantee has in place proficient financial controls and procurement processes and has established adequate procedures to prevent any duplication of benefits as defined by section 312 of the Stafford Act, 42 U.S.C. 5155, to ensure timely expenditure of funds, to maintain a comprehensive website regarding all disaster recovery activities assisted with these funds, and to detect and prevent waste, fraud, and abuse of funds; collectively described in the Consolidated Notice in section III.A.1.a(1) through (6)
Grantee Program	A representation of complex programs. Grantee Programs offer a way to group and report cumulative data in illustrative dashboards.
Major Disaster	The President can declare a major disaster for any natural event, including any hurricane, tornado, storm, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide,

	programs for individuals and public infrastructure, including funds for both emergency and permanent work. Https://www.fema.gov/disaster/how-declared
Micro-purchases	This method may be used to obtain supplies and services. Micro-purchases can be used to expedite the procurement processes by allowing non-federal entities to obtain necessary supplies without issuing formal procurement solicitations. However, state procurement rules may require the non-federal entity to request quotes for these types of purchases. The non-federal entity is still required to retain all receipts and applicable documentation for accounting purposes.
Mitigation Activities	Activities that increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship, by lessening the impact of future disasters
Multi-Family	5 units or more
Program Income	As gross income generated from the use of CDBG-DR funds, except as provided in III.E.1.b. Of the Consolidated Notice, and received by a state, local government, Indian tribe receiving funds from a grantee, or their subrecipients

Project	The most common grouping of activities. Projects represent major programs or responsible organizations.
Public Action Plan	The grantee's action plan for disaster recovery that identifies the proposed use of all funds. The Public Action Plan is commonly referred to in the notice as "the action plan" or "action plan for disaster recovery"
Resilience	A community's ability to minimize damage and recover quickly from extreme events and changing conditions, including natural hazard risks
Second Home	A home that is not the primary residence of the owner, a tenant, or any occupant at the time of the storm disaster or at the time of application for CDBG-DR assistance
Single Family	4 units or less
Substantia l Damage	44 CFR 59.1
Substantial Improve-ment	44 CFR 59.1
Underserved Commun-ities	Populations sharing a particular characteristic, as well as geographic communities, that have been systematically denied a full opportunity to participate in aspects of economic, social, and civic life. Underserved communities that were economically distressed before the disaster includes, but are not limited to, those

	areas that were designated as a promise zone, opportunity zone, a neighborhood revitalization strategy area, a tribal area, or those areas that meet at least one of the distress criteria established for the designation of an investment area of community development financial institution at 12 CFR 1805.201(b)(3)(ii)(d)
Vulnerable Popu-lations	A group or community whose circumstances present barriers to obtaining or understanding information or accessing

More Resources

Additional Resources for National Objectives and Eligibility

Available on the HUD Exchange are guides to national objectives for CDBG State and Entitlement grantees. These resources can be used to assist CDBG-DR grantees in understanding how to meet a national objective for disaster recovery activities. These resources are available at

- For states: https://www.hudexchange.info/resource/2179/guide-national-objectives-eligible-activities-state-cdbg-programs/
- For local governments: https://www.hudexchange.info/resource/89/community-development-block-grant-program-cdbg-guide-to-national-objectives-and-eligible-activities-for-entitlement-communities/ for local governments.

The State CDBG Program has a guide for categories of eligible activities that describes each category of basic eligibility in Section 105(a) of the HCDA and can be used by CDBG-DR grantees. The guide is available on the HUD Exchange at https://www.hudexchange.info/sites/onecpd/ assets/File/CDBG-State-National-Objectives-Eligible-Activities-Chapter-2.pdf.

The Department compares CDBG and CDBG-DR on the HUD Exchange at https://files.hudexchange.info/resources/documents/CDBG-and-CDBG-DR-Comparison.pdf.

Additional Housing Resources:

HUD hosted a series of webinars and tutorials on housing activities, including single family rehabilitation programs and buyouts. These resources are available on the HUD Exchange and listed below.

- How to Use CDBG for Housing Activities: https://www.hudexchange.info/programs/cdbg/housing-activities/
- Buyout Program Guidance and Best Practices (11/7/2019): https://www.hudexchange.info/trainings/courses/cdbg-mit-webinar-series-buyout-program-guidance-and-best-practices/3112/
- Single Family Rehabilitation Programs (8/20/2020): https://www.hudexchange.info/trainings/courses/single-family-rehabilitation-programs/3670/
- Effective Affordable Rental Housing Programs, Including LIHTCs (8/27/2020):

  https://www.hudexchange.info/trainings/courses/effective-affordable-rental- housing-programs-including-combining- cdbg-dr-cdbg-mit-with-lihtcs/3675/

Additional Infrastructure Resources

HUD hosted a series of webinars and tutorials on infrastructure and public facilities activities. These resources are available on the HUD Exchange and listed below.

- How to Use CDBG for Public Facilities and Improvements: https://www.hudexchange.info/programs/cdbg/public-facilities-and-improvements/
- Developing Your Infrastructure Projects – From Procurement to Closeout (9/17/2020): https://www.hudexchange.info/trainings/courses/developing-your-infrastructure-projects-from-procurement-to-closeout/3677/
- Green Infrastructure and the Sustainable Communities Initiative: https://www.hud.gov/sites/documents/GREENINFRASTRUCTSCI.PDF

Additional Economic Revitalization Resources

The CDBG program has created an economic development toolkit to discuss the basics of financial underwriting and various financing methods to promote economic revitalization. This toolkit may be useful for CDBG-DR grantees pursuing economic revitalization to recover from the applicable disaster. The toolkit is available on the HUD Exchange at https://www.hudexchange.info/resource/2376/cdbg-economic-development-toolkit/.

URA and 104(d) Resources

- URA the HUD Way: https://www.hudexchange.info/trainings/ura-the-hud-way/
- URA and 104(d) Laws and Regulations: https://www.hudexchange.info/programs/relocation/laws//
- URA and 104(d) Policy and Guidance: https://www.hudexchange.info/programs/relocation/guidance/#handbooks
- HUD Relocation and Real Estate Division (RRED) Contacts: https://www.hud.gov/program_offices/comm_planning/relocation/contacts
- HUD and 104(d) Relocation Acquisition Policies (RAP) Newsletters: https://www.hudexchange.info/programs/relocation/hudrap/
- HUD Relocation Brochures: https://www.hudexchange.info/programs/relocation/publications/
- CDBG Disaster Recovery: Working with URA, Section 104(d), & Related CDBG Program Requirements Video:
- https://www.youtube.com/watch?v=efFouGDAHaI

Section 3 Resources

- The CPD notice on the New Rule requirements was published on August 24, 2021 and can be found here: https://www.hud.gov/sites/dfiles/OCHCO/documents/2021-09cpdn.pdf.
- Guidance for grantees can be found here: https://www.hudexchange.info/trainings/courses/section-3-new-rule-guidance-for-cdbg-dr-and-cdbg-mit-grantees/.
  Section 3 New Rule September 29, 2020 Federal Register notice: https://www.govinfo.gov/content/pkg/FR-2020-09-29/pdf/2020-19185.pdf.

- The Benchmark notice was published on September 29, 2020 and can be found here: https://www.govinfo.gov/content/pkg/FR-2020-09-29/pdf/2020-19183.pdf

Resilience and Mitigation Resources:

- FEMA Hazard Mitigation Plan Resources: https://www.fema.gov/hazard-mitigation-planning-resources
- FEMA State Mitigation Planning Resources: https://www.fema.gov/state-mitigation-planning-resources
- FEMA State Mitigation Planning Key Topics Bulletin: https://www.fema.gov/sites/default/files/2020-06/fema-state-mitigation-strategy-planning-bulletin_10-26-2016_0.pdf
- FEMA Local Mitigation Planning Resources: https://www.fema.gov/local-mitigation-planning-resources
- FEMA National Response Framework: https://www.fema.gov/media-library/assets/documents/117791
- FEMA P-804 Wind Retrofit: https://www.fema.gov/media-library/assets/documents/21082
- FEMA P-320 Individual Safe Rooms: https://www.fema.gov/fema-p-320-taking-shelter-storm-building-safe-room-your-home-or-small-business
- P-361: Community Safe Rooms: https://www.fema.gov/sites/default/files/documents/fema_safe-rooms-for-tornadoes-and-hurricanes_p-361.pdf
- FEMA Wildfire Prevention: https://www.usfa.fema.gov/downloads/pdf/publications/creating_a_cwpp.pdf)
- U.S. Climate Resilience Toolkit: https://toolkit.climate.gov/
- HUD's Community Resilience: https://files.hudexchange.info/resources/documents/HUD-Community-Resilient-Toolkit.pdf

- Governors' Climate Resilience Playbook – U.S. Climate Alliance 2021 https://static1.squarespace.com/static/5a4cfbfe18b27d4da21c9361/t/6186adf2875b2e694bdd0434/1636216308401/USCA+2021+Governors%27+Climate+Resilience+Playbook.pdf
- National Oceanic and Atmospheric Administration (NOAA) released the Sea Level Rise Technical Report. This report provides the most up-to-date sea level rise projections available for all U.S. states and territories and can be used by decision-makers to prepare for coastal vulnerability.

Knowledge Check: Answer Keys

General Overview

1. The Consolidated Notice Guidebook does not establish new requirements but offers the following:
   A. Action Plan Guidance
      - The Consolidated Notice Guidebook offers guidance to develop the action plan, but there is a better answer.

   B. Technical Assistance
      - The Consolidated Notice Guidebook offers technical assistance to implement CDBG-DR funds, but there is a better answer.

   C. Resources to inform the use and implementation of CDBG-DR funds.
      - The Consolidated Notice Guidebook offers helpful tips and resources to inform the use and implementation of CDBG-DR funds, but there is a better answer.

   D. **All of the Above**
      - **This is the best answer. The Consolidated Notice Guidebook offers all three choices for current and future recipients of CDBG-DR funds.**

The correct answer is "D."

2. The major phases of the CDBG-DR grant process are 1) prepare pre-award submission documents; 2) submit the financial management and grant compliance certification checklist; and 3) implement approved public action plan.
   A. True
      - Incorrect. The second major phase in the CDBG-DR grant process is developing and submitting the public action plan. Submitting the financial management and grant compliance certification checklist is part of the first phase of preparing pre-award submission documents.

   B. **False**
      - **Correct. The phases of the CDBG-DR grant process are 1) prepare pre-award submission documents; 2) develop and submit public action plan; and 3) implement approved public action plan. The first phase includes submitting the financial management and grant compliance certification checklist.**

The correct answer is "False."

3. The CDBG-DR appropriation acts make funds available for activities that are eligible under Title I of the Housing and Community Development Act of 1974. All of these CDBG-DR activities must be: CDBG-eligible (or eligible through a waiver or alternative requirement), meet a national objective, and meet an unmet recovery need that addresses a direct or indirect impact from an eligible disaster, or a mitigation need that addresses a risk identified in a mitigation needs assessment.
   A. **True**
      - **Correct. CDBG-DR appropriations make funds available for** necessary **expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas. All CDBG-DR activities must be CDBG-eligible (or eligible under a waiver or alternative requirement), meet a national objective, and meet an unmet recovery need that**

addresses a direct or indirect impact from an eligible disaster, or a mitigation need that addresses a risk identified in a mitigation needs assessment.

B. False
- Incorrect. The statement correctly lists the eligible activities for CDBG-DR funds according to Title I of the Housing and Community Development Act of 1974.

The correct answer is "True."

4. Within how many days of the applicability date of the Allocation Announcement Notice must grantees submit their Public Action Plan to HUD?
   A. 30 days
      - Incorrect. The grantee must publish its draft Public Action Plan for public comment for no less than 30 calendar days on the grantee's disaster recovery website.

   B. 45 days
      - Incorrect. A grantee has 45 days to address deficiencies and resubmit it to HUD after being notified by HUD that the Public Action Plan was rejected.

   C. 60 days
      - Incorrect. Within 60 days of the applicability date of the Allocation Announcement Notice (or when the grantee submits its action plan, whichever is earlier), the grantee must submit documentation for the Financial Management and Grant Compliance Certification Requirements.

   D. **120 days**
      - **Correct. The grantee must submit its Implementation Plan, Public Action Plan (which includes Standard Form 424 ("SF-424"), and projection of expenditures and outcomes to HUD not later than 120 days from the applicability date of the Allocation Announcement Notice.**

The correct answer is "D."

5. Only funds budgeted for activities established in the DRGR system can be drawn from the grantee's line of credit.
   A. **True**
      - **Correct. The grantee may draw funds from its line of credit only for budgeted activities established in DRGR.**

   B. False
      - Incorrect. The grantee may not draw funds from its line of credit that are not for budgeted activities established in DRGR.

The correct answer is "True."

6. Choose one that is NOT a key responsibility of the CDBG-DR grantee:
   A. Designing and implementing recovery programs to meet unmet recovery needs
      - Incorrect. This is a key responsibility of the grantee.

   B. **Reviewing and approving CDBG-DR action plans**
      - **Correct. HUD is responsible for reviewing and approving CDBG-DR action plans.**

   C. Tracking CDBG-DR assisted activities and reporting the data in the Disaster Recovery Grant Reporting (DRGR) system.

- Incorrect. This is a key responsibility of the grantee.

D. Meeting community development needs that have urgent need
- Incorrect. This is a key responsibility of the grantee.

The correct answer is "B."

Eligible Activities

1. Eligible activities generally fall into one of the following categories: Housing, Restoration of infrastructure, and Economic Revitalization.

   A. True
   - **Correct. Eligible Activities generally fall into these categories.**

   B. False
   - Incorrect. Eligible Activities generally fall into three categories: Housing, Restoration of Infrastructure, and Economic Revitalization

The correct answer is "True."

2. Which standard must all CDBG-DR funded new construction buildings meet?

   A. Action Plan Standard
   - Incorrect. There is not an Action Plan Standard for the construction of new housing construction. However, grantees must describe the connection between unmet needs and how the allocation of CDBG–DR funds for new construction will meet those needs in the action plan.

   B. Green and Resilient Building Standard
   - **Correct. All new construction of residential buildings must meet the Green and Resilient Building Standard to improve long-term community resilience and protect communities from future disasters.**

   C. Hazard Mitigation Standard
   - Incorrect. A grantee must address in its action plan how funds for housing activities will incorporate hazard mitigation measures into its recovery efforts. However, this is not a specific standard.

   D. Affordability Standard
   - Incorrect. Affordability periods apply to the new construction of affordable rental housing when there are five or more units, or if the grantee constructs new homes for LMI households for homeownership that will be owned and occupied by LMI homeowners upon completion. Grantees are also reminded that a grantee must define ''affordable rents'' in its action plan and that the applicable affordability standards must be enforceable and imposed by recorded deed restrictions, covenants, or other similar mechanisms. The affordability requirements do not apply to housing units (newly constructed or reconstructed) for an owner-occupant when the grantee is replacing the owner-occupant's home that was damaged by the disaster.

The correct answer is "B."

3. What should grantees establish within their initial action plan for the new construction of homes (5 or more units) built for households with low and moderate incomes?

   A. Affordability Requirements

- Partially correct. If new construction of homes includes affordability requirements, this should not be the only requirement established in a grantee's initial action plan.

B. Resale or Recapture Requirements
- Partially correct. Grantees should establish resale or recapture requirements and describe those requirements in their initial action plan, but more information is required.

C. Definition of Critical Actions within their Action Plan
- Incorrect. Grantees are not required to define Critical Actions in the action plan. HUD defines a critical action in the Consolidated Notice as "any activity for which even a slight chance of flooding would be too great, because such flooding might result in loss of life, injury to persons or damage to property". Additionally, the notice establishes specific Elevation Standards for new construction of homes and their chance for flooding.

D. A and B
- **Correct. If new construction of homes includes affordability requirements, the initial action plan should also describe the resale or recapture requirements.**

The correct answer is "D."

4. What must a grantee clearly identify within its needs assessment and action plan for economic revitalization activities? `

A. Micro-Purchases
- Incorrect. Grantees must sufficiently document the disaster-related impacts and clearly show how the activity addresses the disaster impact (e.g., data about job loss or businesses closing after the disaster, how pre-disaster economic stressors were aggravated by the disaster).

B. Reimbursement Programs
- Incorrect. While grantees can choose to offer a reimbursement program, grantees must sufficiently document the disaster-related impacts and clearly show how the activity addresses the disaster impact (e.g., data about job loss or businesses closing after the disaster, how pre-disaster economic stressors were aggravated by the disaster).

C. Relocation Assistance
- Incorrect. Grantees must sufficiently document the disaster-related impacts and clearly show how the activity addresses the disaster impact (e.g., data about job loss or businesses closing after the disaster, how pre-disaster economic stressors were aggravated by the disaster).

D. Economic loss
- **Correct. Grantees must sufficiently document the disaster-related impacts and clearly show how the activity addresses the disaster impact (e.g., data about job loss or businesses closing after the disaster, how pre-disaster economic stressors were aggravated by the disaster).**

The correct answer is "D."

5. What is an important distinction between a buyout versus acquisition for redevelopment?

A. Buyout is subject to strict and permanent land use restrictions.
- Partially correct. Though this is true, this is not the only distinction.

B. Redevelopment on an acquired property is allowed ONLY if the property is not acquired through a buyout program.
- Partially correct. Though this is true, this is not the only distinction.

C. The purpose of an acquisition for a buyout must be for risk reduction.
- Partially correct. Though this is true, this is not the only distinction.

D. All of the above
- **This is the best answer. All three choices are key distinctions between a buyout and an acquisition.**

The correct answer is "D."

6. It is important for grantees to consider the impacts of the buyout to targeted Section 3 workers when designing and implementing a buyout activity.

A. True
- Incorrect. Buyout activities are acquisitions for the purpose of reducing risk of property damage from future hazards. To designate a Disaster Risk Reduction Area for a buyout, grantees must establish criteria for considering evidence that demonstrates the hazard is a predictable environmental threat to the safety and well-being of beneficiaries, including members of protected classes, vulnerable populations, and underserved communities. Impacts specific to targeted Section 3 workers do not have to be considered.

B. False
- **Correct. When designing and implementing a buyout activity, grantees do not have to consider how buyout activities specifically affect targeted Section 3 workers. To designate a Disaster Risk Reduction Area for a buyout, grantees must establish criteria for considering evidence that demonstrates the hazard is a predictable environmental threat to the safety and well-being of beneficiaries, including members of protected classes, vulnerable populations, and underserved communities.**

The correct answer is "False."

Action Plan and Implementation: Action Plan Development

1. HUD created the Public Action Plan in DRGR to assist grantees in the development of the action plan and to create consistency for all CDBG-DR action plans in the portfolio.

A. True
- **Correct. This new process streamlines the development of the action plan (including any amendments) and the review and approval processes.**

B. False
- Incorrect. The statement correctly indicates HUD's goals for creating the Public Action Plan in DRGR.

The correct answer is "True."

2. Within what time frame should grantees promptly respond to every citizen's complaint?

A. Immediately when received.
- Incorrect. Responding immediately may not give grantees sufficient time to review and provide a written response to each citizen's complaint.

B. 3-5 working days
- Incorrect. Responding within 3 to 5 working days may not give grantees sufficient time to review and provide a written response to each citizen's complaint.

C. 7 working days
- Incorrect. Responding within 7 working days may not give grantees sufficient time to review and provide a written response to each citizen's complaint.

D. 15 working days
- **Correct. The grantee must provide a written response within 15 working days of receipt of the complaint, or the grantee must document why additional time for the response was required.**

E. 30 calendar days
- Incorrect. Grantees must afford citizens, affected local governments, and other interested parties to review and submit comments on the action plan or any substantial amendment for at least 30 calendar days. Before the grantee submits the action plan or amendment HUD, the grantee must consider all comments, received orally or in writing, on the action plan or any substantial amendment.

The correct answer is "D."

3. To provide an adequate assessment of whether CDBG-DR funds will have an unjustified discriminatory effect, grantees must include the following data in their action plan:

A. Limited English Proficiency (LEP) populations, including the number and percentage of each identified group
- Partially correct. Though this is one of the required data points, other data are needed to provide an adequate assessment.

B. Indigenous populations and tribal communities
- Partially correct. Though this is one of the required data points, other data are needed to provide an adequate assessment.

C. Racially and ethnically concentrated areas
- Partially correct. Though this is one of the required data points, other data are needed to provide an adequate assessment.

D. Historically underserved communities
- Partially correct. Though this is one of the required data points, other data are needed to provide an adequate assessment.

E. All of the above
- **Correct. All of these data are needed for grantees to adequately assess whether CDBG-DR funds will have an unjustified discriminatory effect on or failure to benefit these specific populations in proportion to their communities' needs. In addition, grantees must also include data on the racial and ethnic make-up of the population; the number and percentage of persons with disabilities, persons belonging to a Federally protected class, and other vulnerable populations; and concentrated areas of poverty.**

The correct answer is "E."

4. Which of the groups described below could be considered a vulnerable population but would NOT be a Federally protected class group under fair housing and civil rights law?
   A. Disability
   - Incorrect. This is considered a Federally protected class group.

   B. Familial status
   - Incorrect. This is considered a Federally protected class group.

   C. Religion
   - Incorrect. This is considered a Federally protected class group.

   D. Elderly
   - **Correct. Elderly persons may be considered a vulnerable population but are not members of a Federally protected class group under the Fair Housing Act. Therefore, a grantee should clearly indicate its definition of vulnerable populations in the action plan, especially as it relates to the data in the grantee's impact and unmet needs assessment.**

The correct answer is "D."

Action Plan and Implementation: Implementation of Recovery Activities

1. There are a few different models a State CDBG-DR grantee may choose to use when implementing CDBG-DR funded activities. Grantees should assess the capacity of each entity to determine if the entity can administer the funds compliantly and timely.
   A. True
   - **Correct. There are three different models a State CDBG-DR grantee may use when implementing CDBG-DR funds: 1) "direct" where the State grantee administers the programs directly; 2) "partner" where the State grantee funds other agencies, nonprofits, subrecipients, and contractors to administer the programs; or 3) "method of distribution" where the State grantee provides funding to Units of General Local Government (UGLG) to administer the programs. The State grantee may also use a combination of these implementation models. If a State CDBG-DR grantee is using a method of distribution, it must describe in its action plan how it will allocate its CDBG funds to the UGLG.**

   B. False
   - Incorrect. The statement correctly states that a State CDBG-DR grantee can choose from several different models when implementing CDBG-DR funds and, regardless of the model it chooses to use, it must assess the capacity of each entity to determine if the entity can administer the funds compliantly and timely.
     The correct answer is "True."

2. Which of the following is NOT a resilience performance metric that grantees must establish within their action plan?
   A. An estimate of the projected risk to the completed activity from natural hazards, including those hazards that are influenced by climate change.
   - Incorrect. This is one of the resilience performance metrics that grantees must establish within their action plan before carrying out any CDBG-DR activities to construct,

reconstruct, or rehabilitate residential or non-residential structures. An example of a projected risk estimate is high winds destroying newly built homes.

B. Identification of the mitigation measures that will address the projected risks
- Incorrect. This is one of the resilience performance metrics that grantees must establish within their action plan before carrying out any CDBG-DR activities to construct, reconstruct, or rehabilitate residential or non-residential structures. An example of a mitigation measure is using building materials that are able to withstand high winds.

C. Time limit of CDBG-DR funds for necessary recovery expenditures
- **Correct. Time limit of funds is not considered a resilience performance metric for a grantee's action plan.**

D. An assessment of the benefit of the grantee's measures through verifiable data
- Incorrect. This is one of the resilience performance metrics that grantees must establish within their action plan before carrying out any CDBG-DR activities to construct, reconstruct, or rehabilitate residential or non-residential structures. An example of a benefit assessment measure is 10 newly built homes will withstand high winds up to 100 mph.

The correct answer is "C."

3. Multiple entities collect data after a disaster occurs and may provide assistance. Besides FEMA, SBA, and the U.S. Army Corps of Engineers, which other entity may provide grantees with valuable data to incorporate in their unmet needs assessment?

A. US Department of Agriculture's Data and Statistics Agency
- Partially correct. This entity may provide valuable data grantees can incorporate in their unmet needs assessment, but there is a better answer.

B. National Oceanic and Atmospheric Administration
- Partially correct. This entity may provide valuable data grantees can incorporate in their unmet needs assessment, but there is a better answer.

C. US Department of Agriculture's Farm Services Agency
- Partially correct. This entity may provide valuable data grantees can incorporate in their unmet needs assessment, but there is a better answer.

D. All of the Above
- **This is the best answer. All three entities provide grantees with valuable data to incorporate in their unmet needs assessment. Additionally, there are other agencies and bureaus that collect data after a disaster occurs and can provide information when looking to compare the pre-disaster and post-disaster conditions.**

The correct answer is "D."

4. HUD requires grantees to adopt a Certification Checklist for new construction, reconstruction, and for rehabilitation activities along with incorporating the Resilient Home Construction Standards. This will ensure an increase of resiliency in homes and commercial buildings.

A. True
- Incorrect. HUD does not require grantees to adopt a Certification Checklist for new construction, reconstruction, or for rehabilitation activities. Certification Checklists are applied to Financial Management and Grant Compliance Certification requirements.

B. False

- **Correct. HUD does not require grantees to adopt a Certification Checklist, however HUD does require grantees to adopt Green and Resilient Building Codes for new construction, reconstruction, and for rehabilitation activities.**

The correct answer is "False."

Cross Cutting Requirements: Environmental and Related Requirements

1. Generally, CDBG-DR grantees must complete an environmental and historic preservation compliance review before committing funds or beginning recovery activities.

   A. True

   - **Correct. CDBG-DR appropriations acts prohibit HUD from waiving these requirements.**
   -

   B. False

   - Incorrect. CDBG-DR grantees must complete an environmental and historic preservation compliance review because the CDBG-DR appropriations acts prohibit HUD from waiving these requirements.

The correct answer is "True."

2. The Responsible Entity is

   A. The unit of general local government (UGLG) (e.g., city, county, state, or Tribe) within which the Project Site is located that exercises land use responsibility.

   - Partially correct. Though this is a correct answer, there is a better answer.

   B. Responsible for the scope and content of the environmental review

   - Partially correct. Though this is a correct answer, there is a better answer.

   C. Responsible for environmental review coordination across Federal partners via processes such as the Unified Federal Review

   - Partially correct. Though this is a correct answer, there is a better answer.

   D. All of the above

   - **This is the best answer. All of these describe the role and responsibilities of the responsible entity. HUD regulations at 24 CFR 58 allow the assumption of authority to perform the environmental reviews by responsible entities, which are units of general local government, such as a town, city, county, state, or Tribe. Usually, the state will assume HUD's role as the responsible entity for its subrecipients, assuming responsibility for the scope and content of the environmental review.**

The correct answer is "D."

3. CDBG-DR grantees may adopt another Federal agency's environmental review if it covers all project activities funded by the HUD recipient for that project.

   A. True

   - **Correct. The Disaster Relief Appropriations Act, 2013 (P.L. 133-2) permits grantees to adopt another Federal agency's environmental review if it covers all project activities.**

B. False
- Incorrect. The Disaster Relief Appropriations Act (2013) allows grantees to adopt another Federal agency's environmental review.

The correct answer is "True."

4. Choose one that is NOT true for a tiered environmental review:

A. It streamlines the environmental review process by eliminating repetitive discussions of the same issues.
- Incorrect. This is a true statement. Tiering an environmental review eliminates repetitive discussions of the same issue, focuses on the actual issues for decision, and excludes consideration of issues already decided or not yet ready for a decision. Tiering an environmental review increases efficiency when the specific sites and activities are not yet known by the responsible entity.

B. The broad-level review and all site-specific reviews collectively comprise a complete environmental review.
- Incorrect. This is a true statement. Tiered environmental review records are not complete without both the broad-level and site-specific tiered reviews. All site-specific reviews must identify the corresponding broad-level review and should be filed together. Funds cannot be spent or committed on a specific site or activity until the site-specific review has been completed for the site.

C. It consists of a broad-level review and concurrent site-specific reviews.
- **Correct. A tiered review consists of two stages: a broad-level review (conducted at the municipality or county level) and subsequent site-specific reviews. These steps do not occur concurrently. The broad-level review must establish the standards, constraints, and processes to be followed in the subsequent site-specific reviews.**

D. It can be used to evaluate a single-family housing program with similar activities within a defined local geographic area and timeframe.
- Incorrect. This is a true statement. For example, an 8-Step Decision Making Process for Floodplains and Wetlands, including early and final public notices, can be completed on a county-wide basis for single-family housing programs funded through CDBG-DR.

The correct answer is "C."

5. The Green and Resilient Building Standard applies to:

A. All new construction and reconstruction of residential buildings
- Partially correct. Though this is a correct answer, there is a better answer.

B. All new construction and reconstruction of commercial buildings
- Incorrect. The Green and Resilient Building Standard applies to all new construction and reconstruction of residential buildings and all rehabilitation activities of substantially damaged residential buildings.

C. All rehabilitation activities of substantially damaged residential buildings.
- Partially correct. Though this is a correct answer, there is a better answer.

D. A and B only

- Incorrect. One of these statements do not apply to the Green and Resilient Building Standard.

E. A and C only

- **This is the best answer. The Green and Resilient Building Standard applies to 1) all new construction and reconstruction (i.e., demolishing a housing unit and rebuilding it on the same lot in substantially the same manner) of residential buildings and 2) all rehabilitation activities of substantially damaged residential buildings, including changes to structural elements such as flooring systems, columns, or load-bearing interior or exterior walls above.**

F. All of the above

- Incorrect. Green and Resilient Building Standards do not apply to the new construction or reconstruction of commercial buildings.

The correct answer is "E."

Cross Cutting Requirements: URA, Section 104(d), and Related Relocation Requirements

1. The waiver and alternative requirement of Section 414 of the Stafford Act may apply to a CDBG-DR assisted project if the project commences more than one year after the applicable disaster and if it involves:

A. Acquisition

- Partially correct. This is not the only applicable activity. There is a better answer.

B. Rehabilitation

- Partially correct. This is not the only applicable activity. There is a better answer.

C. Demolition

- Partially correct. This is not the only applicable activity. There is a better answer.

D. All of the above

- **This is the best answer. The waiver and alternative requirement of Section 414 of the Stafford Act applies to acquisition, rehabilitation, or demolition of real property for a CDBG-DR funded project, undertaken by the grantee or subrecipient, commencing more than one year after the applicable disaster, provided that the project was not planned, approved, or otherwise underway prior to the disaster. This waiver preserves a homeowner-occupant's and tenant's eligibility for a replacement housing payment under the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), due to their inability to meet length of occupancy requirements. It assumes that after one year, most persons displaced by the disaster will have returned to their homes or established another permanent place of residence.**

E. None of the above

- Incorrect. One or more of these statements applies.

The correct answer is "D."

2. The Consolidated Notice provides a waiver and alternative requirement for the one-for-one replacement requirements at section 104(d) of the Housing and Community Development Act of 1974, as amended. The one-for-one replacement requirement applies to a CDBG-DR assisted project if it involves:

   A. Acquisition of lower-income dwellings in connection with a CDBG- DR-assisted activity
   - Incorrect. The Section 104 (d) one-for-one replacement requirement does not apply to the acquisition of lower-income dwellings in connection with a CDBG-DR-assisted activity.

   B. Reconstruction of lower-income dwellings in connection with a CDBG-DR-assisted activity
   - Incorrect. The Section 104 (d) one-for-one replacement requirement does not apply to the reconstruction of lower-income dwellings in connection with a CDBG-DR-assisted activity.

   C. All of the above
   - Incorrect. Review all of the options again.

   D. None of the above
   - **Correct. The Section 104 (d) one-for-one replacement requirement applies to the demolition or conversion of lower-income dwellings. It requires replacement, on a one-for-one basis, of all occupied and vacant occupiable lower-income dwelling units that are demolished or converted to a use other than lower-income housing in connection with a CDBG-DR assisted activity. The waiver exempts all disaster-damaged owner occupied lower-income dwelling units that meet a grantee's definition of "not suitable for rehabilitation." It also requires provision of certain relocation assistance to any lower-income person displaced as a direct result of such activities.**

The correct answer is "D."

3. The CDBG-DR Residential Anti-displacement and Relocation Assistance Plan (RARAP) must describe how the grantee plans to minimize:

   A. The displacement of persons from their homes and neighborhoods
   - Partially correct. This is not the only information that grantees should include in their RARAP. There is a better answer.

   B. The displacement of persons and entities
   - Partially correct. This is not the only information that grantees should include in their RARAP. There is a better answer.

   C. The adverse impacts of displacement
   - Partially correct. This is not the only information that grantees should include in their RARAP. There is a better answer.

   D. All of the above
   - **This is the best answer. To meet the CDBG-DR Action Plan requirement for minimizing displacement, grantees must either amend an existing or create a new Residential Anti-displacement and Relocation Assistance Plan (RARAP), which includes steps taken to minimize displacement of persons from their homes and neighborhoods. Specifically, the RARAP must include plans to minimize displacement of persons and entities; plans to assist any persons or entities displaced; plans to address accessibility needs of displaced persons with disabilities; and planning and budgeting for relocation activities. Grantees' descriptions should include steps to**

minimize displacement when displacement can be prevented and a description of all types of relocation assistance that will be provided to help minimize the adverse impacts of displacement where minimizing displacement is not reasonable, feasible or cost efficient and would not help prevent future loss.

The correct answer is "D."

4. CDBG-DR grantees must certify that they have in effect and are following a Residential Anti-displacement and Relocation Assistance Plan (RARAP) that includes CDBG-DR and reflects the requirements described in the Consolidated Notice.
   A. True
   - **Correct. Grantees will develop information in the RARAP that is specific to disaster recovery activities and reflects the requirements found in the Consolidated Notice. Grantees must indicate in their Action Plan if they will be amending an existing RARAP or creating a new RARAP specific to disaster recovery.**

   B. False
   - Incorrect. The statement is true. To meet the RARAP for CDBD-DR requirement, grantees must develop information in the RARAP that is specific to disaster recovery activities.

The correct answer is "True."

5. The Consolidated Notice modifies the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, by providing the following waivers and alternative requirements:
   A. URA Voluntary Acquisition – Homebuyer Primary Residence Purchase
   - Partially correct. This is not the only modified URA requirement. There is a better answer.

   B. URA Replacement Housing Payments for Tenants
   - Partially correct. This is not the only modified URA requirement. There is a better answer.

   C. URA Relocation Assistance
   - Incorrect. The Consolidated Notice does not modify or waive a displaced tenant's eligibility for URA relocation assistance as a result of the Federally-assisted acquisition.

   D. A and B only
   - **This is the best answer. The Consolidated Notice modifies both of these URA regulatory requirements by providing waivers and alternative requirements. The "URA Voluntary Acquisition – Homebuyer Primary Residence Purchase" waiver reduces the burdensome administrative requirements for homeowners following a disaster in connection with their voluntary purchase of their primary residence. The "URA Replacement Housing Payments for Tenants" requirements are waived only to the extent necessary to allow the grantee to meet all or a portion of a grantee's replacement housing payment obligation to a displaced tenant by offering rental housing through a rental housing program subsidy (e.g. housing choice voucher), if certain conditions are met.**

   E. All of the above
   - Incorrect. One or more, but not all, of these statements is correct.

The correct answer is "D."

6. The one-for-one replacement requirements at section 104(d) of the Housing and Community Development Act of 1974 (HCDA), as amended, are waived for owner-occupied lower-income dwelling units that are damaged by the disaster and not suitable for rehabilitation.
   A. True
   - **Correct. The Consolidated Notice modifies section 104(d) of the HCDA to waive the one-for-one replacement requirement for owner-occupied lower-income dwelling units that are damaged by the disaster and not suitable for rehabilitation. This waiver does not apply to tenant-occupied and vacant occupiable lower-income dwelling units demolished or converted to another use other than lower-income housing in connection with a CDBG-DR assisted activity, which are generally subject to one-for-one replacement requirements.**

   B. False
   - Incorrect. The statement is true. The Consolidated Notice modifies section 104(d) of the HCDA to waive the one-for-one replacement requirement for owner-occupied lower-income dwelling units that are damaged by the disaster and not suitable for rehabilitation.

The correct answer is "True."

Cross Cutting Requirements: Davis Bacon Requirements

1. Under Section 110(a) of the Housing and Community Development Act of 1974 (HCDA), contractors and subcontractors who perform construction work "financed in whole or in part" with CDBG assistance must pay "Davis-Bacon prevailing wages" to laborers and mechanics. Paying Davis-Bacon prevailing wages means the wages are not less than wages determined to be prevailing on similar construction work in the locality, as determined by the Secretary of Labor in accordance with the Davis Bacon Act (40 U.S.C. 3141 et seq.).
   A. True
   - **Correct. This statement correctly defines "Davis-Bacon prevailing wages" under the HCDA. Unless in those cases where the Davis-Bacon prevailing wage requirements do not apply, CDBG-DR requires housing providers, housing developers, and contractors to comply with Federal labor provisions based on this definition of paying Federal prevailing wage rates on covered projects.**

   B. False
   - Incorrect. The statement is true.

The correct answer is "True."

2. Davis-Bacon prevailing wage requirements do not apply to construction work prime contracts of $5,000 or less.
   A. True
   - Incorrect. Davis-Bacon prevailing wage requirements do not apply to construction work prime contracts of $2,000 or less.

   B. False
   - **Correct. Davis-Bacon prevailing wage requirements do not apply to construction work prime contracts of $2,000 or less.**

The correct answer is "False."

3. Davis-Bacon prevailing wages apply to CDBG-DR assisted projects involving:

A. Rehabilitation, reconstruction, and demolition of residential property containing less than four units

- Incorrect. The threshold for Davis Bacon prevailing wages applies to rehabilitation, reconstruction, and demolition of residential property containing eight or more units. Examples of 8 or more unit properties include: 5 townhouses side-by-side which consist of 2 units each; 3 apartment buildings each consisting of 5 units and located on one tract of land; and 8 single-family (not homeowner) houses located on contiguous lots and operated as a single rental property.

B. Non-construction activities like storm debris removal

- Incorrect. Davis-Bacon prevailing wages do not apply to non-construction activities like storm debris removal.

C. Demolition that is not followed by construction.

- Incorrect. Davis-Bacon prevailing wages do not apply to demolition that is not followed by construction.

D. All of the above

- Incorrect. Davis-Bacon prevailing wages do not apply to CDBG-DR assisted projects involving one or more of these statements.

E. None of the above

- **Correct. Davis-Bacon prevailing wages do not apply to CDBG-DR assisted projects involving any of these cases. In addition, Davis-Bacon prevailing wages do not apply to bona fide volunteers where procedures and requirements of 24 CFR § 70 are met, to force account work by employees of the grantee, or to equipment installation costs so long as they do not exceed 13% of the total equipment cost. They also do not apply when CDBG-DR assistance is used only for non-construction related project costs such as land acquisition, soft costs, or professional fees.**

The correct answer is "E."

4. Under regulations of the Department of Labor (DOL) at 29 CFR §1.6 (g), if Federal assistance has not been approved prior to contract award of construction activities, Davis-Bacon wage rates apply retroactively to the beginning of construction and must be incorporated retroactively in the contract specifications.

A. True

- **Correct. So long as Federal assistance was not approved prior to contract award (or the beginning of construction if there is no contract award), Davis-Bacon wage rates apply retroactively to the beginning of construction and must be incorporated retroactively in the contract specifications. If there is no evidence that the owner intended to apply for Federal assistance before contract award or the start of the construction, DOL may allow prospective application of Davis-Bacon requirements where it finds that it is necessary and proper in the public interest to prevent injustice or undue hardship.**

B. False

- Incorrect. This statement is true according to the regulations of the Department of Labor (DOL) at 29 CFR §1.6 (g).

The correct answer is "True."

Cross Cutting Requirements: Section 3 Requirements

1. The Section 3 program is a provision of the HUD Act of 1968 that ensures that employment and other economic opportunities generated by Federal funds for housing and community development programs are directed toward low- and very low-income persons.
   A. True
   - **Correct. The Section 3 program requires recipients of HUD funding to direct employment, training, and contracting opportunities to low-income individuals and the businesses that employ these persons within their community.**

   B. False
   - Incorrect. This statement is true.

The correct answer is "True."

2. A Section 3 worker is a worker who currently fits, or when hired within the past five years fits, which of the following categories:
   A. A low- or moderate-income worker that fell below HUD income limits for the previous or annualized calendar year
   - Partially correct. This is one of the categories that can define a Section 3 worker, but there is a better answer.

   B. Employed by a Section 3 business concern.
   - Partially correct. This is one of the categories that can define a Section 3 worker, but there is a better answer.

   C. A YouthBuild participant
   - Partially correct. This is one of the categories that can define a Section 3 worker, but there is a better answer.

   D. A, B, or C
   - **This is the best answer. A worker who currently fits or when hired within the past five years fits at least one of these categories meets the definition of a Section 3 worker.**

The correct answer is "D."

3. A *Targeted* Section 3 worker is a worker who meets the definition of a Section 3 worker, plus:
   A. A worker employed by a Section 3 business concern
   - Partially correct. This is one of the categories that can define a Targeted Section 3 worker when combined with the other requirements for a Section 3 worker, but there is a better answer.

   B. A worker who currently fits or when hired was living within the service area, neighborhood of the project, or is a YouthBuild participant.
   - Partially correct. This is one of the categories that can define a Targeted Section 3 worker when combined with the other requirements for a Section 3 worker, but there is a better answer.

   C. A or B
   - **Correct. Either of these statements can define a Targeted Section 3 worker if they also meet the definition of a Section 3 worker.**

D. A and B
- Incorrect. Both of these statements do not have to be true for a person to meet the definition of a Targeted Section 3 worker.

The correct answer is "C."

4. A Section 3 Business Concern is defined as a business that meets the following requirements (documented within the last 6-month period):

A. At least 51 percent owned and controlled by low-or very low-income persons
- Partially correct. This is one of the requirements for a business to qualify as a Section 3 Business Concern, but there is a better answer.

B. More than 75 percent of the labor hours performed for the business over the previous 3-month period are performed by Section 3 workers
- Partially correct. This is one of the requirements for a business to qualify as a Section 3 Business Concern, but there is a better answer.

C. At least 51 percent owned and controlled by current residents of public housing or residents who currently live in Section 8 assisted housing
- Partially correct. This is one of the requirements for a business to qualify as a Section 3 Business Concern, but there is a better answer.

D. A, B, or C
- **This is the best answer. Any one of these requirements define a Section 3 Business Concern. In addition, a Section 3 Business Concern can be any type of business such as a sole proprietorship, partnership or a corporation, properly licensed and meeting all legal requirements to perform the contract under consideration. Grantees must certify that they are making efforts to prioritize contracting with Section 3 business concerns and are responsible for verifying that businesses meet the definition.**

E. None of the above
- Incorrect. A business must meet one or more of these requirements to qualify as Section 3 Business Concern.

The correct answer is "D."

5. Projects that are financed with state, local or private matching or leveraged funds used in conjunction with HUD funds are covered by Section 3 if the amount of HUD funding for the project exceeds the:

A. $100,000 project threshold
- Incorrect. This amount is lower than the HUD funding threshold.

B. $200,000 project threshold
- **Correct. Section 3 applies to training or employment arising in connection with HUD-funded housing rehabilitation, housing construction, or other public construction projects, and related contracting opportunities if the amount of HUD funding exceeds the $200,000 project threshold.**

C. $500,000 project threshold
- Incorrect. This amount exceeds the HUD funding threshold.

D. $1,000,000 project threshold

- Incorrect. This amount exceeds the HUD funding threshold.

The correct answer is "B."

6. Section 3 requirements apply to projects that use CDBG-DR funds for:

A. Housing rehabilitation, housing construction, or other public construction

- **Correct. Section 3 requirements apply to CDBG-DR assisted projects that include housing rehabilitation, housing construction, or other public construction. Section 3 contributes to the establishment of stronger, more sustainable communities by ensuring that employment and other economic opportunities generated by Federal funds for housing and community development programs are directed toward low- and very low-income persons.**

B. Homebuyer assistance or tenant-based rental assistance

- Incorrect. Section 3 requirements do not apply if CDBG-DR funds are used for direct homebuyer assistance or tenant-based rental assistance.

C. "Materials-only" contracts or contracts that do not require any labor, such as a contract for office or janitorial supplies only

- Incorrect. Section 3 requirements do not apply to "materials-only" contracts or contracts that do not require any labor. An example of a materials-only contract is a contract for office or janitorial supplies only.

The correct answer is "A."