



## HUD CDBG-DR Appropriation Under Public Law 114-254



**Overview:** HUD published the draft Notice for the second appropriation January 11, 2017, and the below summary provides a high-level overview. Funds allocated under both appropriations are subject to the requirements of the prior Notice (as amended in the new Notice).

### I. Louisiana 2<sup>nd</sup> Allocation: \$1.219B

- Funding will be provided directly to the State.
- **\$975.4M** for Most Impacted and Distressed (MID) areas. HUD increased the number of MID parishes from six to ten: East Baton Rouge, Livingston, Ascension, Tangipahoa, Ouachita, Lafayette, **Vermilion, Acadia, Washington, and St. Tammany** parishes.
- **\$243.8M** for other areas to be determined most impacted and distressed by the State.

### II. Funding Requirements

- **70% of total funds (\$853.3M) must benefit low-to-moderate income (LMI) persons**, unless a waiver request demonstrates compelling need to lower this requirement.
- **80% of funds (\$975.3M)** must be spent in the HUD-defined MID areas (10 parishes).
- **20% of remaining funds (\$243.8M)** may be spent in areas the State determines to be MID (using HUD's methodology).
- **Match Funding:** Funds may be used for local match of FEMA or US Army Corps of Engineers (USACE) projects (\$250K cap for USACE); must comply with CDBG-DR requirements.

### III. Use of Funds

- **Housing**
  - **Eligible Uses:** Rehab, reconstruction, replacement, buyouts, and new construction; includes any rental housing for LMI households; public housing; emergency shelters and homeless housing; private market units receiving project-based assistance or Section 8; and any other HUD-assisted housing; moving expenses; rental assistance; interim mortgage assistance; housing counseling services; housing incentives; acquisition; and buyouts. Can also be used for new units or rehab of units not damaged if clearly linked to MID target area.
  - **Ineligible Uses:** Forced mortgage payoffs; SBA home/business loan payoffs; funding for second homes; assistance for those who previously received Federal flood disaster assistance and did not maintain flood insurance; and compensation payments.
  - **Elevation Requirements:** New construction, substantially damaged, or substantial improvement of structures in the 100-year floodplain must be elevated (2' above BFE).
  - **Building Standards:** New construction or replacement of substantially damaged buildings must meet green building standards; resilient construction standards are strongly encouraged.
  - **Flood Insurance:** Grantees must provide a plan for ensuring flood insurance requirements are met and must require flood insurance for rehabilitated properties in SFHA.
  - **Second Allocation requirement additions:** Grantee must have policies and procedures to assess cost effectiveness of each proposed project undertaken to assist a household, including criteria for determining cost-effectiveness for rehabilitation or reconstruction of a unit relative to other means of assisting the property-owner (e.g. buyout or acquisition or the construction of area-wide protective infrastructure, rather than individual mitigation solutions designed to protect individual structures). Policies and procedures must govern exceptions and how any exceptions will be cost reasonable.
  - **Selected Waivers:**
    - **One for One Replacement:** one for one housing replacement requirement is waived.
    - **Relocation Assistance:** Displaced persons can receive rental assistance up to 42 months.



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- **Interim Mortgage Assistance:** Assistance can be provided up to 20 months.
- **Rental Assistance:** Assistance can be provided up to 24 months.
- **Infrastructure:** Grantees must tie all infrastructure programs back to the long-term recovery and restoration of housing in the MID areas. Funding may be used for the repair, replacement, or relocation of public facilities and improvements, the non-federal share match, and the elevation of non-residential structures.
  - **Second Allocation Requirement Additions:** Infrastructure allocations require that the grantee describe how proposed activities will advance long-term resilience; how proposed mitigation measures will be integrated into rebuilding activities and align with regional/local plans and policies to reduce future risk; consideration of project costs and benefits; efforts to ensure activities will avoid disproportionate impact on vulnerable communities and create opportunities to address economic inequities; alignment of potential and planned public and private investments with other for state/local capital improvements and infrastructure development; and how adaptable and reliable technologies will be used to prevent premature obsolescence of infrastructure.
- **Economic Revitalization:** Grantees must tie all economic revitalization programs back to the long-term recovery and restoration of housing in the MID areas. Funding may be used for any CDBG-DR eligible activity that demonstrably restores and improves some aspect of the local economy.
- **Long Term Recovery and Hazard Mitigation Planning: Second Allocation Requirement Additions:** Grantee must provide a description of how the grantee will promote long term recovery planning at the community/regional level which is based on the FEMA flood mitigation efforts and informed by a post disaster evaluation of hazard risk, land-use decisions that promote floodplain management and account for sea level rise, and take into account frequency and intensity of precipitation events which may not be currently considered by FEMA, adhere to elevation requirements, and coordinate local and regional planning efforts.
- **Mitigation measures** must be incorporated into rebuilding activities and must be a necessary expense related to disaster relief or long-term recovery in response to the eligible disaster.

#### IV. Management and Oversight of Funds

- Grantees must demonstrate to HUD that the State has in place the sufficient internal controls.
- Grantees must demonstrate sufficient capacity to manage these funds and the associated risks.
- HUD will institute an annual risk analysis as well as on-site monitoring of grantee management.
- Grantees must submit projection of expenditures and outcomes as part of its Action Plan.
  - Any subsequent changes, updates or revision of the projections will require the grantee to amend its Action Plan (track planned v. actual performance).

#### V. Overview of Grant Process

- HUD has indicated that it will allow grantees receiving an allocation of funds under both the prior Notice and the most recent Notice (effective Jan. 16) to submit a single Action Plan and other required documents governing both allocations. The state is working with HUD to determine the timing implications of submitting a single Action Plan and will provide further details once the requested clarity has been received.

#### VI. Duration of Funding

- Initial drawdown of funds must occur within 180 days of the execution of the Grant Agreement.
- 100% of funds must be expended within six years of the execution date of the Grant Agreement.