



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

OFFICE OF THE ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT

MAR 15 2017

Mr. Pat Forbes
Executive Director
Office of Community Development
State of Louisiana
617 N. Third Street, 6th Floor
Baton Rouge, LA 70802

Dear Mr. Forbes:

This is in response to the state of Louisiana's letter dated January 31, 2017, supporting the request to extend the reimbursement period that allows the use of Community Development Block Grant disaster recovery (CDBG-DR) funds on eligible pre-application costs beyond one year from the date of the event. The reimbursement term is established in HUD's Community Planning and Development (CPD) Notice 13-05 (Guidance for Charging Pre-Award Costs of Homeowners, Businesses, and Other Qualifying Entities to CDBG Disaster Recovery Grants). This CPD Notice was subsequently revised with the publication of CPD Notice 15-07 (Guidance for Charging Pre-Application Costs of Homeowners, Business, and Other Qualifying Entities to CDBG Disaster Recovery Grants) (the CPD Notice).

The Department awarded CDBG-DR funding to the state of Louisiana for long-term recovery efforts following the Great Floods of March and August 2016 under the Continuing Appropriations Act, 2017 under Public Law (P.L.) 114-223 approved September 29, 2016, and the Further Continuing and Security Assistance Appropriations Act, 2017 under P.L. 114-254 approved December 10, 2016. As a reminder, funds allocated under P.L. 114-223 are subject to the requirements set forth in the November 21, 2016, *Federal Register* Notice (81 FR 83254), as amended and in addition to, the requirements set forth the January 18, 2017, *Federal Register* Notice (82 FR 5591) related to P.L. 114-225.

The state requested a 12-month extension from the date of the March 2016 flooding events, such that the one-year time limitation is extended through March 2018 and applicable to those recovering from the March 2016 and August 2016 floods. According to the November 21, 2016, *Federal Register* Notice, grantees receiving CDBG-DR allocations under P.L. 114-223 and P.L. 114-254 are required to comply with provisions of the CPD Notice, as amended. The CPD Notice states that grantees may... "charge to CDBG-DR grants the eligible pre-award and pre-application costs of individuals and private entities related to single- and multi-family residential structures and non-residential structures, only if the person or private entity incurred the expenses within one year after the date of the disaster and before the date on which the person or entity applies for CDBG-DR assistance. HUD, at the request of a grantee, may provide that grantee with a written extension to this one-year limitation, for an amount of time established by HUD. Extensions will be provided on a case-by-case basis after the Department has made a determination of good cause based on its examination of the reasons for the request."

Within the reimbursement waiver request, the state explains that the extension of this one-year reimbursement limitation is necessary for long-term recovery as it allows households, landlords, businesses, and other agencies to continue to rebuild while they wait for an opportunity to apply and receive program funding. The state asserts that the one-year limitation forces homeowners and business owners in the process of rebuilding to put their efforts on hold until CDBG-DR program funds become available and that rebuild decisions are based on actual moment-in-time financial situations rather than the date of the eligible disasters. Furthermore, the extension of the one-year limitation would allow eligible applicants impacted by both flooding events to qualify for reimbursement of program-eligible expenses incurred prior to the earlier date of either the application for assistance or March 2018.

The state anticipates launching the first phase of the application process in mid-April 2017 which HUD notes is after the one-year anniversary of the initial March flooding event (March 8, 2016) and estimates that it will take two or more years to complete intake and processing of applications for all of its programs. The two appropriations that address both the March and August 2016 flooding events were appropriated in September and December 2016, respectively, which is more than six months after the initial flooding events. Without an extension of the one-year limitation it is likely that the state would be limited in its ability to provide housing rehabilitation assistance to these applicants, and in particular those impacted by the March flooding, as any rehabilitation expenses incurred by applicants to these programs after the one-year date would be ineligible for reimbursement and in many cases, work will already be complete.

Accordingly, based on the critical role of these programs in providing housing and economic recovery assistance to storm victims, and pursuant to the provision of the CPD Notice that authorizes HUD to make exceptions to the "one year" limitation on a case-by-case basis, HUD is extending the date by which applicants to the state of Louisiana's programs may incur expenses that are eligible for reimbursement. The state may only reimburse program-eligible expenses incurred by eligible applicants between the date of the disaster and the date of application to HUD-approved programs (not to exceed September 8, 2017). HUD is specifically allowing reimbursement for eligible expenses through September 8, 2017, as it grants a six-month extension to applicants who were impacted by the March floods, which is the period of time that elapsed between the event and when the initial allocation was made. This extension provides a common reimbursement deadline date for all applicants, regardless of which event(s) they were impacted by and remains consistent with the intent of CPD Notices 13-05 and 15-07. Should the program application(s) for assistance be submitted prior to the reimbursement deadline of September 8, 2017, the reimbursement limitation would be from the date of the initial disaster to the date of application to the state's program(s).

If you or any members of your staff have any questions concerning this matter, please contact Stanley Gimont, Deputy Assistant Secretary for Grants Programs (Acting), at (202) 708-2111.

Sincerely,

A handwritten signature in blue ink, appearing to read "Clifford Taffet", written in a cursive style.

Clifford Taffet
General Deputy Assistant Secretary