

Disaster Recovery

Workshop



March 20, 2018
San Juan, PR



CDBG-DR Overview



CDBG-Disaster Recovery

- CDBG-DR funding supports necessary expenses related to:
 - Disaster relief
 - Long-term recovery
 - Restoration of housing and infrastructure
 - Economic revitalization
- CDBG-DR appropriation specific requirements established via Federal Register Notice:

<https://www.hudexchange.info/news/hud-publishes-allocations-common-application-waivers-and-alternative-requirements-for-2017-disaster-cdbg-dr-grantees/>



CDBG-DR Funding

P.L. 115-51 appropriated \$400 million for CDBG-DR in response to 2016 disasters and any future 2017 disaster

Funds were awarded to 2015 and 2016 grantees

Awarded \$57.8 million to TX in response to Hurricane Harvey

P.L. 115-56 appropriated \$7.4 billion for CDBG-DR in response to 2017 disasters

Awarded \$7.39 billion to TX, FL, PR and USVI

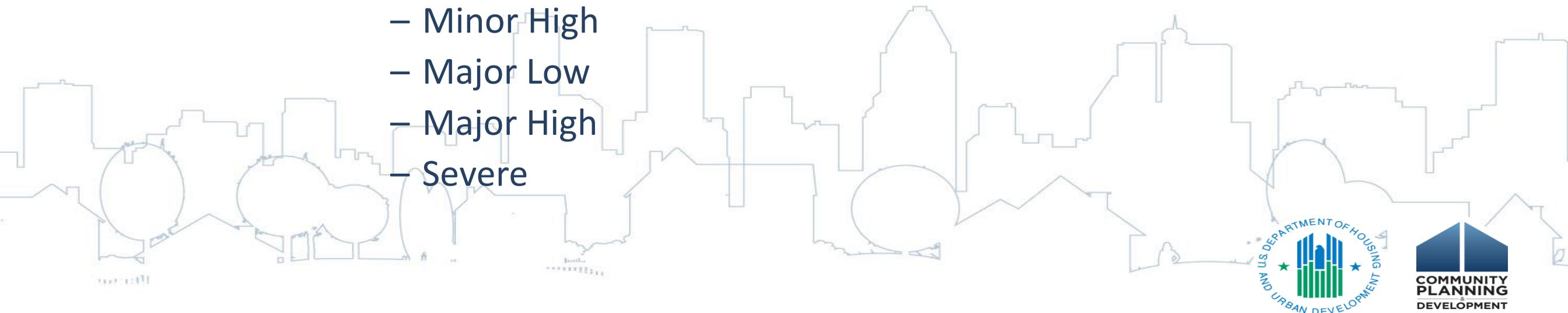
Included \$10 million to HUD for administrative costs

States	P.L. 115-51	P.L. 115-56	TOTAL 2017 CDBG-DR Allocations
Texas	\$57,800,000	\$5,024,215,000	\$5,082,015,000
Florida		\$615,922,000	\$615,922,000
Puerto Rico		\$1,507,179,000	\$1,507,179,000
US Virgin Islands		\$242,684,000	\$242,684,000
TOTAL	\$57,800,000	\$7,390,000,000	\$7,447,800,000



Terms and Definitions

- Most impacted and distressed
- Disaster-related activities
- Duplication of Benefits
- Flood Insurance
- Damage categories:
 - Minor Low
 - Minor High
 - Major Low
 - Major High
 - Severe

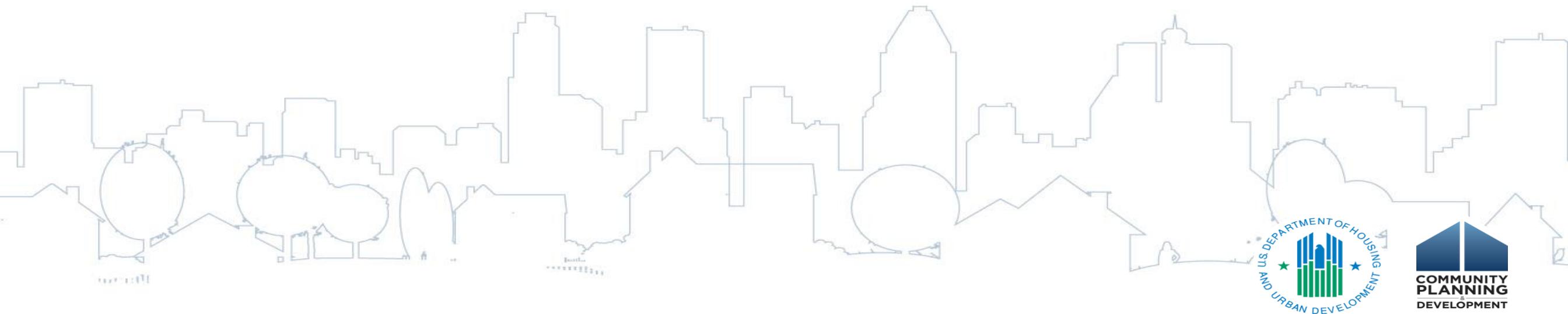


Other Policy Considerations

- Incorporating cost reasonableness into design and implementation of housing rehabilitation programs
- Substantial housing rehab requires elevation, ABFE+2
- Raises the construction standards to a new level of efficiency and resiliency (Green Building Standards)
- Economic development focus on small businesses
- No assistance to second homes
- No compensation payments
- No emergency ops centers, portable generators or other equipment
- Prohibition on private utilities



Action Plan Requirements



CDBG-DR Requirements for 2017 Appropriations

- Prior to Action Plan, grantee will be required to submit to HUD a Financial and Procurement Certification, as well as a Capacity Assessment and an Implementation Plan
- Grantees shall submit action plan to HUD for approval which shall describe:
 - Proposed uses of all funds
 - Criteria for eligibility
 - How funds will address long-term recovery and restoration in most impacted and distressed areas
- HUD must approve plan prior to issuing grant agreement



Addressing Unmet Need

- Fund allocation based on FEMA and SBA data which HUD analyzes to identify unmet needs
- Grantee plans must address unmet housing, infrastructure and economic revitalization needs
 - Must address unmet housing needs as a priority
 - Must address public housing and affordable rental housing unmet needs
 - Must consider Special Needs populations
- **To the extent plan departs from identified unmet needs, grantee must provide appropriate justification**
- Must ensure 70% overall low-mod benefit



Consultation Requirement

During Plan Preparation:

- Consult with all disaster affected local governments
- Public Housing Agencies
- Federal Partners
- Nongovernmental Organizations
- Private Sector
- Other stakeholders and affected parties



Public Participation in CDBG-DR Plan

Undertake meaningful community engagement to accurately assess needs

- Include civil rights, housing and other groups that represent vulnerable populations
 - Must incorporate housing counseling agencies
- Ensure limited English proficiency needs are evaluated and properly addressed
- Coordinate with environmental and historic preservation representatives (SHPO)
- 14 day public comment period



National Objectives

CDBG National Objectives:

- Low and Mod Benefit (LMH, LMI, LMC, LMJ)
- Slum and Blight
- Urgent Need

Two “new” National Objectives under CDBG-DR:

- Low/Mod Buyout (LMB)
- Low/Mod Housing Incentive (LMHI)



Eligible Activities-Housing

- New Construction
- Rehabilitation of Single and Multifamily units
 - Homeowner and rental
 - Multifamily units must include installation of broadband infrastructure
 - Can include public housing if there is unmet need
- Acquisition
- Buyouts
 - Relocation Costs
 - Interim Mortgage Assistance



Eligible Activities- Economic Development

- Loans/Grants to business for Economic Development activities
- Job Training
- Improvements to commercial/retail districts
- Financing other efforts that attract/retain workers in devastated communities



Eligible Activities-Infrastructure

- Rehabilitation, replacement, or relocation of damaged public facilities
- Improvements to, but not limited to, bridges, water treatment facilities, roads, sewer, water lines and storm water management systems.

****Must identify how its infrastructure activities will contribute to the long-term recovery and restoration of housing in the most impacted and distressed areas.****



Disaster Impact and Unmet Needs

CDBG Disaster Recovery Tool Kit



Three phases toward implementing a long term recovery strategy:

- ❑ Disaster impact and unmet needs assessment;
- ❑ Preparing the action plan and structuring the Disaster Recovery Program;
- ❑ Implementation and Strategies

The quality of the assessment is directly tied to the quality and completeness of the impact data available.

The necessary information must be gathered from **various** entities and must take into account:

- work already accomplished,
- community goals;
- Grantee's capacity to plan, manage and implement a long term recovery process.

✓ *The ultimate goal is to design a program responsive to the types and locations of actual needs on the ground.*

Pre-Disaster Baseline Data

This data can serve to identify past trends that negatively impacted the community and/or left it vulnerable to disasters and provide a picture for desired changes during the recovery.

Assistance Provided

Grantees must work with all entities that provided assistance to affected homeowners and businesses following the disaster. This includes insurance companies, FEMA, SBA, Army Corps of Engineers, the American Red Cross and any other sources of assistance such as local charities and nonprofits.

Current Market Conditions

- Data on the speed to which areas repopulate;
- Socioeconomic indicators or small-scale demographic changes, may require more active networking through local, informal networks such as religious organizations, community centers, and schools;
- Key market indices such as employment figures and labor statistics.

Part I. Assessing the Current Situation

- Collecting and Updating Pre-Disaster Baseline Data, Post-Disaster Market Data, and Data on Assistance Provided
 - Pre-Disaster Baseline
 - Assistance Provided
 - Current Market Conditions
- Analyzing Data Collected in Light of the Impact of Short-Term Recovery Efforts (Impact includes direct damages sustained in addition to indirect and secondary impacts).
- Identifying Existing, Anticipated, and Potentially Available Funding Sources

Direct and indirect damages include damages to fixed assets, capital and inventory of goods, and/or raw materials and services.

Indirect damages and secondary impacts to the wider community include increased expenditures due to the effect on the flow of goods and services, alternative provision of services needed, loss of tax revenue, housing market shifts from owner to renter, and/or new infrastructure for relocated populations.

Six Key Elements to Analyzing Data Collected in Light of the Impact of Short-Term Recovery Efforts

1. Activities and results of emergency and short-term recovery efforts (e.g. FEMA-funded activities);
2. Among the existing and anticipated emergency and short term efforts, which ones only provide interim solutions (such as FEMA temporary housing) versus those that will result in permanent solutions (such as repairing a water pump facility);
3. Key parties involved in relief and recovery efforts, to date, at the federal, state, and local level;
4. Estimated duration of the emergency and short-term recovery efforts;
5. The condition of the most vulnerable populations; and
6. Initial planning initiatives at the neighborhood, city, county or regional level.

Identifying Existing, Anticipated and Potentially Available Funding Sources

As no one community is alike in its access to funding resources, each grantee should walk through the following six items.

Each information item should be analyzed through the lens of housing, infrastructure, transportation, and economic factors.

- Estimates of insurance payouts (including uninsured and underinsured) among homeowners, renters, rental property owners, and commercial businesses;
- Public funding sources available and for what purpose (FEMA, SBA, consider eligibility and caps for assistance);
- Portion of impacted individuals and businesses that were estimated ineligible for FEMA or SBA assistance

Typical Sources of Disaster Recovery Funding

- Insurance proceeds
- FEMA individual assistance
- FEMA public assistance
- FEMA Hazard mitigation grant program
- FEMA community disaster loans
- USDA Rural Development (special appropriation)
- EDA competitive grants (special appropriation)
- HUD Section 108 Loan Guarantee Program
- State funding
- Local funding and capacity (i.e. local bonding capacity)
- National foundations (i.e. Rockefeller Foundation and Ford Foundation)
- Regional community foundations
- Grants, donations of individual or non-profit entities
- Volunteer labor

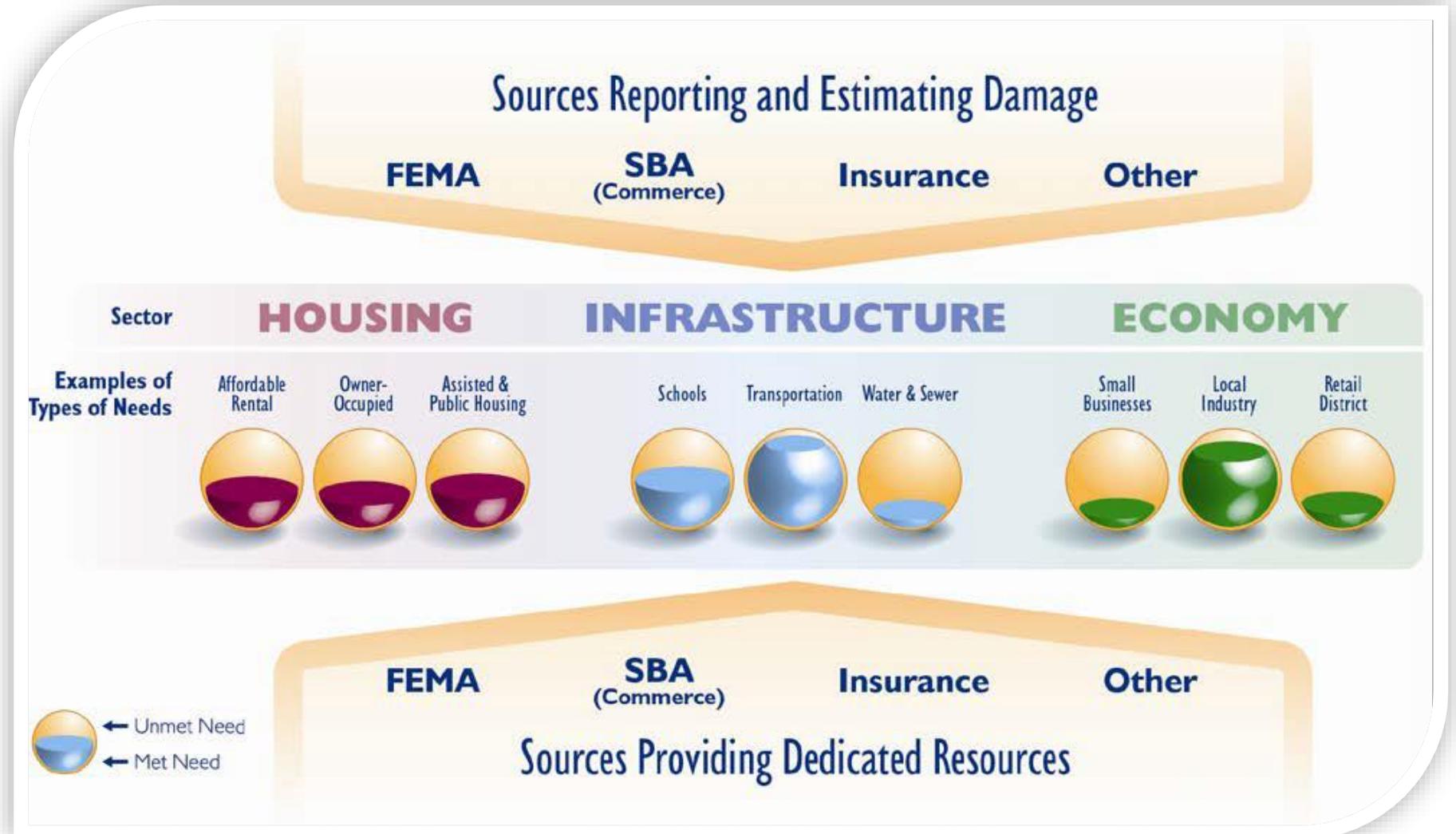
- Other disaster and non-disaster public funding sources that are anticipated or potentially available.
- Local and State government resources are or may be available (such as local bonding capacity)? Is local bond capacity viable? Is the tax base stable?
- Potential nonprofit and private sources of funding that may be available.

Can you leverage response efforts for long-term recovery funding?

A grantee must strategically use CDBG-DR grants to fund their unmet needs and, to this end, must collect two basic information sets:

- 1) damage estimates, and
- 2) dedicated resources (funding as well as staffing, systems, and other resources).

This information can be compiled by sector – housing, infrastructure, and economy – and then by type of need (e.g. affordable rental housing, schools, small business).



Unmet needs are needs that are not covered by other sources and can be covered by CDBG-DR funds.

Part 2: Estimating Unmet Needs

When defining the community's unmet needs, the grantee must keep the following key concepts in mind:

- Address the wider impact of the disaster and not just specific damages;
- Identify needs that were not recognized by other programs and funding sources;
- Look at needs at a community wide and an individual level;
- Unmet needs are a moving target;

It is important to remember that even if a grantee and its partners do not currently have capacity in a specific skill area, this does not negate the need for that activity.

Rather, the grantee may choose to fund the activity but build capacity by:

- ✓ Hiring additional, experienced staff;
- ✓ Partnering with other organizations;
- ✓ Contracting for expert services;
- ✓ Training existing staff

Part 3: Determining Capacity

- Identify organizations and agencies that can provide capacity
- Consider their organizational ability to ramp up and contribute to disaster recovery efforts
- Identify the critical skills and knowledge necessary for the recovery efforts
- Consider a range of options for building capacity – hiring, partnering, contracting

Given finite dollars to address disaster impacts and build a sustainable, resilient community, a grantee must prioritize the needs for long-term recovery and, in turn, the investment of funds.

Part 4: Prioritizing Needs

- Rank priorities by housing, infrastructure & economic sectors

CDBG DR Appendixes: tools and templates

These are not official HUD forms. These instruments are provided for informational purposes. Tools should be reviewed and adapted to each grantee program design.

Appendix A: Chronological Checklist for CDBG-DR Grantees

ACTION STEP	PRIORITY LEVEL	COMPLETION TIMEFRAME	ASSIGNED TO & DATE	DATE DUE & TO WHOM	DATE COMPLETED
CREATE A DECISION MAKING FRAMEWORK					
Determine process for making recovery related decisions and who has authority and responsibility to make policy decisions					
Determine process for adopting and implementing recovery plan					
COORDINATION AND OUTREACH					
Create list of local public officials most relevant to long-term recovery coordination/implementation and begin outreach.					
Create list of relevant stakeholders including local community advocates and nonprofits and establish mechanism for stakeholders to provide input on recovery efforts					
Organize periodic meetings of relevant local public officials and other stakeholders. Determine frequency and format (Daily? Weekly? Monthly?) (Conference call? In person? Open to public?)					
Ensure local communities and other stakeholders have access to information covering important recovery issues. Identify available funding sources and other resources.					
Create stakeholder recovery fund...					

SAMPLE METHODOLOGIES FOR DETERMINING AND PRIORITIZING NEEDS

Disaster Impact and Unmet Needs Assessment Kit: Appendix D

Description: As part of the Disaster Impact and Unmet Needs Assessment Kit, the Sample Methodologies for Determining and Prioritizing Needs provides mini-case studies, including links, of CDBG-DR grantees that have estimated, or in the State of Mississippi's case, restimated their unmet needs.

Document Authored by: ICF International

Caveat: This is an informational tool and/or template that should be adapted to specific program design.

Appendix E: Valuation Tool

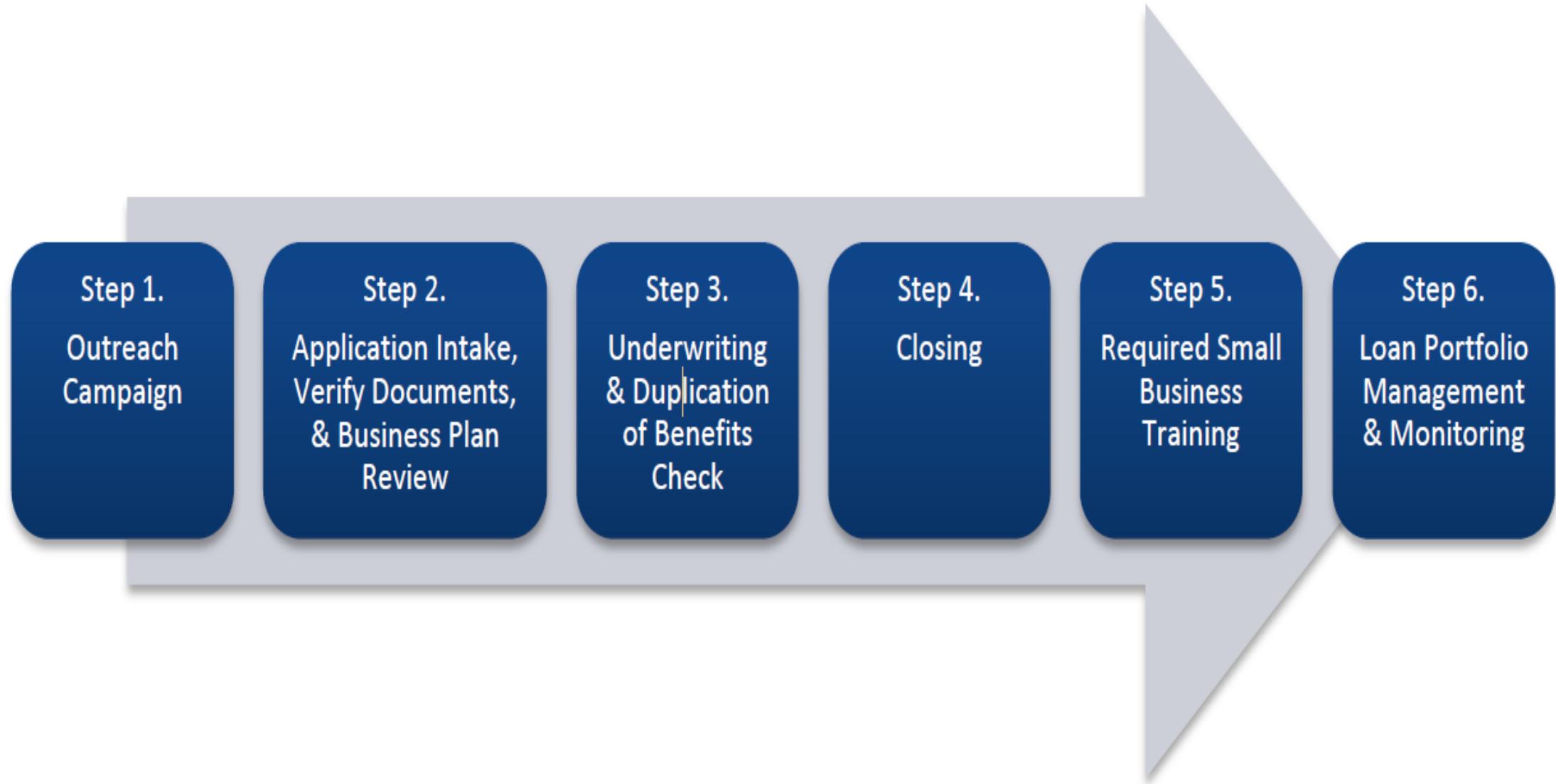
Disaster Recovery Gap Assessment - Rental Housing

RATING SCALE
 High = Highest need; significant other available funding; strong capacity
 Medium = Medium need; some other available funding; moderate capacity
 Low = Low need; little or no other available funding; weak capacity

Need Areas	Extent of damage or need (high, medium, low, N/A)	General Location(s)	Key Results of Analysis	Comments
Damage to existing privately owned rental projects of 1-4 units?				
Damage to existing privately owned rental projects of 5+ units?				
Damage to existing publicly owned rental projects (PHA, grantee-owned etc)?				
Damage to units for special needs populations (elderly, homeless, persons with disabilities, etc)?				
Units/projects needing minor repair?				
Units/projects needing moderate rehab (<\$25,000 per unit, no major systems)?				
Units/projects needing substantial rehab (>\$25,000 per unit, major systems)?				
New construction of rental housing?				
Existing rental housing to be demolished?				
Need to rehab or construct dormitories, SRO, group homes, transitional housing etc?				
Need for vouchers for rent/utilities?				
Total number of households affected by the damage to rental units?				
Number of low and very low income households affected by damage to rental units?				
Number of persons with special needs affected by damage to rental units (elderly, homeless, persons with disabilities, etc)?				
Need for associated services to tenants (counseling)?				
Other?				
Rating For Overall Rental Housing Need (high, medium, low, N/A)				
Other Available Funding Sources	Funds Available for this Activity (Yes/No) -- If known, how much?		Key Results of Analysis	Comments
HUD Public Housing				
HUD Section 8				

Economic Development

Under CDBG-DR



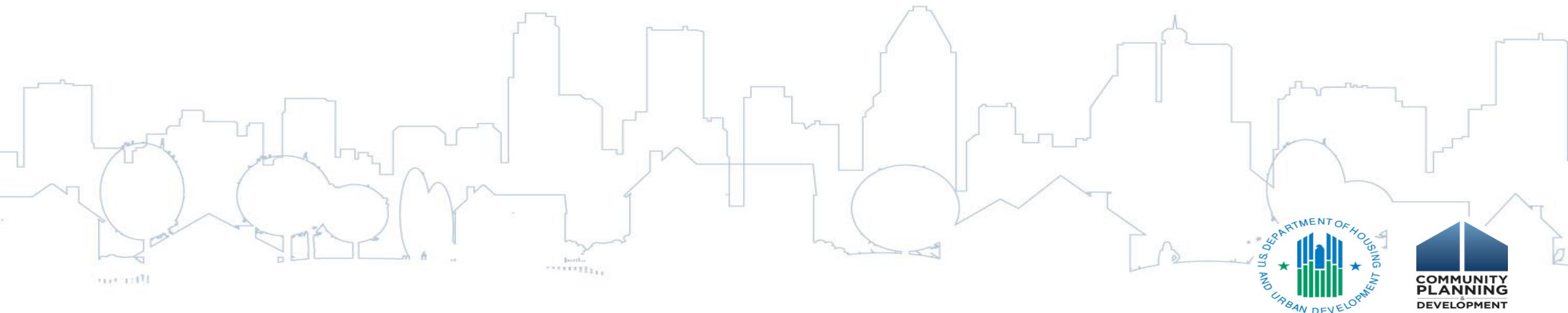
Program Design Considerations

- The crucial goal of these programs is to capitalize on the economic potential of specific industries or types of business to re-build the workforce pipeline and tax base, with an emphasis on creating opportunities for low- to moderate-income individuals.
- A typical economic development program for CDBG-DR grantees is a small business loan or grant program.
- The design must consider the needs of industries and businesses that were impacted by the disaster as well as the long term economic revitalization needs of the community
 - Sometimes these two concerns may be in conflict, as pre-existing businesses may not be the strongest investments for the future

Market Factors to Consider

- **Small Business alone will not be sufficient** to stimulate an economy or targeted industry
- **Partnerships with local banks or Community Development Financial Institutions (CDFI)** may provide additional capital from a conventional source so that the CDBG-DR funds can assist more business owners
- **Market realities are difficult to pin down** in a post disaster situation. Customer base is evolving, which makes business planning challenging
- **Business development goes hand-in-hand with a solid housing solution.** Generally grantees must focus on housing first, but business development efforts must follow rapidly. A lag time will have negative consequences on both fronts.

- <https://www.hudexchange.info/programs/cdbg-dr/>
- <https://www.fema.gov/national-disaster-recovery-framework>



Thank you

