



**CITY OF HOUSTON**  
Housing & Community Development  
Department

**Interoffice**

Correspondence

To: Carol Ellinger Haddock, P.E.  
Director  
Houston Public Works

From: Tom McCasland, Director  
Housing and Community Development  
Department

Date: **September 10, 2020**

Subject: Letter of Agreement between the  
Housing and Community Development  
Department, and Houston Public Works  
for the CDBG-DR 2015 Flood Events  
Spellman Detention Basin Project

Attached herewith we are transmitting to you for your review and acceptance three (3) copies of each of the following materials;


Attachment I	Scope of Work
Attachment II	Detailed Budget
Attachment III	Scope of Services
Attachment IV	CDBG-DR Quarterly Progress Report Infrastructure Projects
Attachment V	Federal Contract Requirements
Attachment VI	Federal Register Notices

By your acceptance of these materials, it is agreed that Houston Public Works (HPW) and the Housing and Community Development Department (HCDD) shall jointly assume and perform the activities specified in this Letter of Agreement (Agreement). The performance period for this Agreement will be from the date of the last signatory on page 2 of this Letter of Agreement to **September 30, 2022**.

This Agreement will help to clearly identify and achieve the goals and objectives set forth in the scope of work (Attachment I), within the total amount of funds specified in the Detailed Budget (Attachment II). Furthermore, performance of the stated activities shall be in compliance with the Community Development Block Grant (CDBG) regulations at 24 CFR Part 570 and appropriate program standards as determined by HUD and HCDD.

Throughout the term of this Agreement, HPW shall submit progress reports, and approve and submit all requests for payments under this Agreement to HCDD to ensure timely expenditure of CDBG-DR funds and compliance with the U.S. Department of Housing & Urban Development (HUD) regulations governing the CDBG-DR Program. This Agreement may be extended pursuant to a written instrument that has been executed by each Department's Director. A request to make any material changes to the Scope of Work shall require an underwriting review by HCDD to ensure changes are in compliance with CDBG regulations at 24 CFR Part 570. In addition to this review, a formal amended Agreement shall be drafted, approved and executed by both parties.

Please review and sign the three (3) executable copies of this Agreement, including the Attachments hereto, and return all original copies to HCDD.

DocuSigned by:  
  
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Carol Ellinger Haddock, P. E.  
Director  
Houston Public Works

9/11/2020  
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Date

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Tom McCasland, Director  
Housing and Community  
Development Department

9/14/2020  
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Date

## **ATTACHMENT I**

### **SCOPE OF WORK**

This Interdepartmental Letter of Agreement (Agreement) entered into between the Housing and Community Development Department (HCDD), and Houston Public Works (HPW) provides as follows:

#### **I. PURPOSE OF AGREEMENT**

The purpose of this Agreement is to provide guidance regarding the expenditure of \$17,752,586.00 in Community Development Block Grant Disaster Recovery (CDBG-DR) 2015 Flood Events funds for construction of neighborhood infrastructure projects, including but not limited to flood drainage and paving improvements, and real estate acquisition, which will benefit a Low-Mod area, at least 51% of whom are low to moderate income persons ("Project").

##### **A. Eligibility of Activity**

HCDD has determined this Project qualifies as an eligible activity under the following regulation:

**24 CFR §570.201 (c) Public Facilities and improvements** which states:

"Acquisition, construction, reconstruction, rehabilitation or installation of public facilities and improvements...carried out by the recipient or other public or private nonprofit entities."

1. All work to be performed under this Agreement for and in consideration of payment shall meet pre-eligibility requirements established by HCDD personnel, through submission of required material to HCDD for a determination as to the eligibility of the work to be performed.
2. For projects that are eligible for CDBG-DR funds based on area wide benefit to low-and moderate- income households, data will be collected from the 2010 Census and Zoning requirements in which the project is located.

##### **B. National Objectives**

This Project must meet one of the CDBG program's National Objectives, as set forth in 24 CFR §570.208.

HPW certifies that the Project as carried out under this Agreement will meet the following National Objective:

**24 CFR § 570.208(a) (1) "Activities benefiting low-and-moderate income persons":**

"An activity, which benefits a low-mod area, where at least 51 percent of whom are low- or moderate- income persons."

### **C. Federal Award Identification**

The City Council of the City of Houston ("City Council") acting pursuant to City of Houston Ordinance No. 2016-705 passed and approved on September 14, 2016, authorized the submission of an Action Plan for Disaster Recovery – 2015 Flood Events ("Action Plan"), including an Application for Community Development Block Grant Disaster Recovery ("CDBG-DR15") funds associated with the 2015 Flood Events, to the United States Department of Housing and Urban Development ("HUD") for a direct allocation and later entered into a Grant Agreement with HUD ("Grant Agreement") to receive federal funding for a CDBG-DR15 Flood Events Project. The Application was approved, and the City was awarded \$66,560,000.00 in CDBG-DR15 funds on December 07, 2016, under Federal Award Identification (FAIN) No. B-16-MH-48-0001, as amended. The Second allocation of funding for \$20,532,000.00 passed and approved on October 25, 2017, pursuant to Ordinance No. 2017-832. The federal funds are made available under the Catalog of Federal Domestic Assistance (CFDA) No. 14.218, Community Development Block Grant/Entitlement Grants. The award will not be used for Research and Development (R&D).

## **II. SCOPE OF SERVICE**

HPW will be responsible for managing the design and construction of the Project and overseeing the bidding and selection of contractors to insure compliance with all local, state and federal ordinances, regulations and laws relating to the Project ("Applicable Laws").

### **A. Activities**

The Spellman Detention Basin will mitigate flooding by reducing water surface elevations and potentially, removing homes from the floodplain. Specific activity will be to utilize three tracts of property (two improved and one platted, but unimproved subdivision) for detention and perform activities including, but not limited to, flood drainage and paving improvements, real estate acquisition, and demolition as defined in Attachment III – Scope of Services, over a five (5) year performance period, prioritized at the municipal and community levels, for low- and moderate-income persons and predominately low- and moderate-income neighborhoods and communities.

#### **1. Spellman Detention Basin Drainage Improvements**

This Project is generally bound by Willowbend Boulevard to the north, Sandpiper Drive to the east, West Bellfort Avenue to the south and HCFCD #D140-00-00 (Fondren Diversion Channel) to the west.

## **III. TIME OF PERFORMANCE**

The Performance Period for the activities described in this Agreement shall begin on the Effective Date stated on page 2 of this Agreement, and shall end on **September**

**30, 2022**, or upon the expenditure of the CDBG-DR funds in the amount of \$17,752,586.00 whichever occurs first.

#### A. Budget

HPW shall provide a detailed budget which shall be agreed to by the Director of HPW, agreed by the Director of HCDD and as set forth in Attachment II – Budget of this Agreement. The Budget shall show a breakdown on the use of the \$17,752,586.00 provided under this Agreement, and all other funding sources associated with the Project.

HPW will be required to track all CDBG-DR 2015 Flood Events expenditures and provide reporting information on a regular basis in order to ensure timely reimbursement of funds (see Section VI, Administrative Requirements).

#### IV. **PROGRAM STANDARDS**

HPW shall operate in a manner consistent with Applicable Laws, which are by reference incorporated into this Agreement, including but not limited to the following:

- a) Code of Ordinances of the City of Houston;
- b) Housing and Community Development Act of 1974, as amended;
- c) 2 CFR Part 200;
- d) Community Development Block Grant regulations set forth at 24 CFR Part 570;
- e) Applicable local, state and federal laws; and
- f) Rules and Regulations of Houston Public Works; and
- g) Federal Register June 9, 2016 – Billing Code: 4210-67 Department of Housing and Urban Development [Docket No. FR-5938-N-01] (Pub. L. 114-113), as updated by Federal Register June 17, 2016 and Federal Register August 7, 2017 [Docket No. FR-6039-N-01] (Pub. Law 115-31), attached hereto as Attachment VI.

Work provided under this Agreement shall also be performed in accordance with the following sections of 2 CFR Part 200, as applicable, including but not limited to the following:

- ♦ Section 200.1; 200.2-99, "Definitions";
- ♦ Section 200.102, "Exceptions";

- ◆ Section 200.205, "Federal awarding agency review of risk posed by applicants";
- ◆ Section 200.302(b), "Financial Management";
- ◆ Section 200.305(b), "Payment", except as modified by Part 570.513;
- ◆ Section 200.403, "Factors affecting allowability of costs";
- ◆ Section 200.408, "Limitation on allowance of costs";
- ◆ Part 200, Subpart F, "Audit Requirements";
- ◆ Section 200.313, "Equipment";
- ◆ Section 200.314, "Supplies";
- ◆ Section 200.448, "Intellectual property";
- ◆ Section 200.213, "Suspension and debarment";
- ◆ Section 200.318, "General procurement standards";
- ◆ Section 200.331, "Requirements for pass-through entities";
- ◆ Section 200.328, "Monitoring and reporting program performance", except paragraphs (b) through (d), and paragraph (f);
- ◆ Section 200.327, "Financial reporting";
- ◆ Section 200.333, "Retention requirements for records", with the exceptions listed at 570.502(a)(7);
- ◆ Section 200.336, "Access to records";
- ◆ Section 200.338, "Remedies for noncompliance";
- ◆ Section 200.339, "Termination";
- ◆ Section 200.344, "Post-closeout adjustments and continuing responsibilities"; and
- ◆ Section 200.345, "Collection of amounts due".

## **V. GENERAL CONDITIONS**

### **A. General Compliance**

HPW agrees to comply with the requirements of 24 CFR Part 570 covering the CDBG Program, including subpart K of these regulations, except that (1) HPW does not

assume HCDD's environmental responsibilities described in 24 CFR § 570.604, and (2) HPW does not assume HCDD's responsibility for initiating the review process under the provisions of 24 CFR Part 52.

#### B. Insurance & Bonding

HPW will ensure the General Contractor complies with the bonding and insurance requirements of 2 CFR § 200.304, "Bonds".

#### C. Recognition

HPW shall ensure recognition of the role of HCDD in providing grant funds for work performed pursuant to this Agreement. All activities, facilities and items utilized pursuant to this Agreement shall prominently display the CDBG-DR Program as a funding source. In addition, HPW will include a reference to the support provided herein in all publications that the Project was made possible with CDBG-DR funds made available under this Agreement.

#### D. Amendments

HPW or HCDD may further amend this Agreement at any time provided that such amendments make specific reference to this Agreement, are executed in writing, and signed by a duly authorized representative of each City department identified in the opening paragraph of this Agreement.

Extensions and/or Budget Modifications to this Agreement will only be valid pursuant to a written instrument that has been executed by each department Director, or that Director's designee, as identified in writing prior to discussion of amending this Agreement, identified in the opening paragraph of this Agreement.

Any request to increase funding or make any material changes to the Scope of Work of this Agreement shall require an underwriting review by HCDD to ensure changes are in compliance with CDBG Regulations at 24 CFR Part 570. In addition to this review, a formal Amended Agreement shall be drafted, approved and executed by all parties.

#### E. Suspension or Termination

In accordance with 2 CFR § 200.338 and 2 CFR § 200.339, each Party may suspend or terminate this Agreement if the other Party materially fails to comply with any terms of this Agreement, which include (but are not limited to), the following:

1. Failure to comply with any of the rules, regulations or provisions referred to herein, or such statutes, regulations, executive orders and HUD guidelines, policies or directives as may become applicable at any time;
2. Failure, for any reason, of HPW to fulfill its obligations under this Agreement in a timely and proper manner;

3. Ineffective or improper use of funds provided under this Agreement; or
4. Submission of reports by HPW to HCDD that are incorrect or incomplete in any material respect.

#### F. Public Works Laws

To the extent applicable, HPW will comply with all public works laws, regulations, and ordinances, including but not limited to those related to prevailing wages, retainage, bonding, and use of licensed contractors, as they relate to its performance under this Agreement.

#### G. Duplication of Benefits

Under the requirements of Section 312 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act and all applicable Federal Register notices, including FR-6169-N-01 (June 20, 2019), as interpreted and applied by HUD, HPW agrees to report funds provided by any federal, state or local government entity, or non-profit or private source intended for the same purpose.

HPW agrees that all duplicative funding received must be remitted to or accounted for by the program, regardless of when it is received by the entity. If HPW receives additional funding for the same purpose as the funding award, including after the Agreement is executed or services are completed, the entity is required to report the additional funding to the program (HCDD). Any additional funds paid to entity for the same purpose after the services are completed *must* be returned to HCDD for utilization on other eligible projects.

#### H. Supplanting

HPW agrees to utilize funds to supplement rather than supplant funds otherwise available. HPW must document that awarded funds are above and beyond any annual appropriations that are provided for the same purpose. CDBG-DR15 funds may be utilized after all other funds available to provide benefits to the entity for the same purpose have been expended. Any supplanting of funds will be treated as a duplication of benefits or fraud, waste and abuse, and is subject to recapture under the terms of the Agreement.

#### I. Preservation of Contracting Information

1. HPW shall ensure that the agreement with the General Contractor includes the following subsections.
  - (a) The requirements of Subchapter J, Chapter 552, Texas Government Code, may apply to this Agreement and the General Contractor agrees that this Agreement can be terminated if the General Contractor knowingly or intentionally fails to comply with a requirement of that subchapter. If the requirements of Subchapter J,



Chapter 552, Texas Government Code, apply to this Agreement, then for the duration of this Agreement (including the initial term, any renewal terms, and any extensions), General Contractor shall preserve all Contracting Information, as defined by Section 552.003 of the Texas Government Code, related to this Agreement as provided by the records retention requirements applicable to the City pursuant to federal or state law or regulation, city ordinance or city policy, which record retention requirements include but are not limited to those set forth in Chapters 201 and 205 of the Texas Local Government Code and Texas Administrative Code Title 13, Chapter 7. Within five business days after receiving a request from the Director, General Contractor shall provide any Contracting Information related to this Agreement that is in the custody or possession of General Contractor. Upon the expiration or termination of this Agreement, General Contractor shall, at the Director's election, either (a) provide, at no cost to the City, all Contracting Information related to this Agreement that is in the custody or possession of General Contractor, or (b) preserve the Contracting Information related to this Agreement as provided by the records retention requirements applicable to the City pursuant to federal or state law or regulation, city ordinance or City policy.

- (b) If General Contractor fails to comply with any one or more of the requirements of this Section, Preservation of Contracting Information, or Subchapter J, Chapter 552, Texas Government Code, then, in accordance with and pursuant to the processes and procedures set forth in Sections 552.373 and 552.374 of the Texas Government Code, the Director shall provide notice to the General Contractor and may terminate this Agreement. To effect final termination, the Director must notify General Contractor in writing with a copy of the notice to the CPO. After receiving the notice, General Contractor shall, unless the notice directs otherwise, immediately discontinue all services under this Agreement, and promptly cancel all orders or subcontracts chargeable to this Agreement.

## **VI. ADMINISTRATIVE REQUIREMENTS**

### **A. Financial Management**

#### **1. Accounting Standards**

HPW agrees to comply with 2 CFR Part 200, including but not limited to: 2 CFR § 200.302; 2 CFR § 200.305 (b); 2 CFR § 200.309; 2 CFR § 200.306; 2 CFR § 200.307; 2 CFR § 200.403; 2 CFR § 200.408; and 2 CFR Part 200, Subpart F, and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.

#### **2. Cost Principles**

HPW shall administer the program in conformance with 2 CFR Part 200, Subpart E, "Cost Principles", as applicable. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

## B. Documentation and Record Keeping

### 1. Records to be Maintained

HPW and HCDD, as applicable, shall maintain all records required by federal regulations specified in 24 CFR § 570.506 that are pertinent to the Project to be funded under this Agreement. Such records shall include but not be limited to:

- a. Records providing a full description of work undertaken;
- b. Records demonstrating that all work undertaken meets one of the National Objectives of the CDBG program;
- c. Records required to determine the eligibility of the Project;
- d. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG-DR funds;
- e. Records documenting compliance with the fair housing and equal opportunity components of the CDBG Program;
- f. Financial records as required by 24 CFR § 570.502, and 2 CFR § 200.327; and
- g. Other records necessary to document compliance with Subpart K of 24 CFR Part 570.

### 2. Retention

HPW and HCDD shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the Agreement for a period of four (4) years. The retention period begins on the date of the submission of HCDD's annual performance and evaluation report to HUD in which the Project assisted under the Agreement is reported on for the final time. Notwithstanding the above, if there is litigation, claims, audits, negotiations, or other actions that involve any of the records cited and that have started before the expiration of the four-year period, then such records must be retained until completion of the actions and resolutions of all issues, or the expiration of the four-year period, whichever occurs later.

### 3. Audits & Inspections

All HPW records with respect to any matters covered by this Agreement shall be made available to HCDD, grantor agency, HUD, and the Comptroller General of

the United States or any of their authorized representatives, at any time during normal business hours, as often as deemed necessary, to audit, examine and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by HPW within 30 days after receipt by HPW. Failure of HPW to comply with the above audit requirements will constitute a violation of this Agreement and may result in the withholding of future payments.

### C. Reporting and Payment Procedures

#### 1. Program Income

This project is not subject to Program Income. It is not anticipated that any program income (as defined at 24 CFR § 570.500 (a)) will be generated from this Project. Should program income come into play for any reason during the term of this Agreement, it shall be immediately returned to HCDD.

#### 2. Indirect Costs

If indirect costs are charged, HPW will develop an indirect cost allocation plan for determining the appropriate share of administrative costs and shall submit such plan to HCDD for review and approval.

#### 3. Payment Procedures

With the prior written approval of HCDD, HPW shall draw down funds available under this Agreement for reimbursement of costs incurred monthly, from the City's accounting database for line items consistent with the approved budget. All requests for reimbursement shall require the prior approval of HCDD, must be accompanied by invoice and/or other supporting documentation deemed necessary by HCDD, and shall be made for CDBG eligible activities only, with the total amount expended not to exceed \$17,752,586.00.

Payments associated with ineligible activities may not be reimbursed with CDBG-DR funds under this Agreement. HCDD shall ensure that all disbursements made under this Agreement meet the necessary CDBG requirements prior to expending funds.

Other reasonable and necessary costs incurred up to 24 months prior to the Effective Date as set forth at the end of this Agreement, and associated with the financing, and/or development of a Public Facilities Project may be reimbursed at the discretion of the HCDD Director. These costs include, but are not limited to:

- (1) Architectural, engineering, or related professional services required to prepare plans, drawings, specifications, or work write-ups;
- (2) Costs for processing and settling the financing for a project, such as: private lender origination fees, or credit reports; fees for title evidence; fees for recordation and filing of legal documents, or building permits;

attorney's fees; private appraisal fees; and fees for an independent cost estimate, builders or developers fees;

(3) For both new construction and rehabilitation, costs for the payment of impact fees that are charged for all projects within a jurisdiction; or

(4) Costs of environmental review and release of funds in accordance with 24 CFR Part 58, which are directly related to the Project.

#### 4. Progress Reports

HPW shall submit Progress Reports to HCDD on a monthly basis.

### D. Procurement

#### 1. Compliance

HPW shall comply with all procurement requirements under 2 CFR Part 200.

#### 2. OMB Standard

Unless specified otherwise within this agreement, HPW shall procure all materials, property, or services in accordance with the requirements of 2 CFR § 200.318.

#### 3. Travel

HPW shall obtain written approval from HCDD prior to any travel outside the metropolitan area paid for with funds provided under this Agreement.

### E. Use and Reversion of Assets

The use and disposition of real property and equipment under this Agreement shall be in compliance with the requirements of 2 CFR Part 200 and 24 CFR § 570.502, 24 CFR § 570.503, and 24 CFR § 570.504, as applicable, which include but are not limited to the following:

1. HPW shall transfer to HCDD any CDBG-DR funds on hand and any accounts receivable attributable to the use of CDBG-DR funds under this Agreement at the time of expiration, cancellation or termination, if any;
2. As applicable, Real Property under HPW control that was acquired or improved in whole or in part with funds under this Agreement in excess of \$25,000 shall be used to meet the CDBG National Objective identified under Paragraph 1 B. pursuant to 24 CFR § 570.208 until five (5) years after expiration of this Agreement. If HPW fails to use CDBG-assisted real property in a manner that meets a CDBG National Objective for the prescribed period of time, HPW shall pay the CDBG Program an amount equal to the current fair market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, or improvement to, the

property. Such payment shall constitute program income to HCDD. HPW may retain real property acquired or improved under this Agreement after the expiration of the five-year period.

3. As applicable, in all cases in which equipment that was acquired, in whole or in part, with funds under this Agreement, and is later sold, the proceeds shall be program income (prorated to reflect the extent to that funds received under this Agreement were used to acquire the equipment). Equipment not needed by HPW for the Project under this Agreement shall be (a) transferred to HCDD for the CDBG program or (b) retained after compensating HCDD [an amount equal to the current fair market value of the equipment less the percentage of non-CDBG funds used to acquire the equipment].

## **VII. RELOCATION, REAL PROPERTY ACQUISITION AND ONE-FOR-ONE HOUSING REPLACEMENT**

HCDD and HPW agree to comply with (a) the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), and implementing regulations at 49 CFR Part 24 and 24 CFR § 570.606(b), if applicable; (b) the requirements of 24 CFR § 570.606(c) governing Residential Anti-displacement and Relocation Assistance Plan under section 104(d) of the HCD Act, if applicable; and (c) the requirements in 24 CFR § 570.606(d) governing optional relocation policies, if applicable. HCDD and HPW shall provide relocation assistance to displaced persons as defined by 24 CFR § 570.606(b)(2) that are displaced as a direct result of acquisition, rehabilitation, demolition or conversion for a CDBG-assisted project. HCDD and HPW also agree to comply with Applicable Laws concerning the displacement of persons from their residences.

## **VIII. PERSONNEL & PARTICIPANT CONDITIONS**

### **A. Civil Rights**

#### **1. Compliance**

HPW will ensure that the General Contractor complies with Title VI of the Civil Rights Act of 1964 as amended, Title VIII of the Civil Rights Act of 1968 as amended, Section 104(b) and Section 109 of Title I of the Housing and Community Development Act of 1974, as amended, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, the Age Discrimination Act of 1975, Executive Order 11063, and Executive Order 11246 as amended by Executive Order 11375, 11478, 12107, and 12086.

#### **2. Nondiscrimination**

HPW will ensure that the General Contractor complies with the non-discrimination in employment and contracting opportunities laws, regulations, and executive orders referenced in 24 CFR § 570.607, as revised by Executive Order 13279. The

applicable non-discrimination provisions in Section 109 of the HCDA are still applicable.

### 3. Land Covenants

As applicable, HPW will ensure the General Contractor is subject to the requirements of Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and 24 CFR § 570.601 and § 570.602. In regard to the sale, lease or other transfer of land acquired, cleared or improved with assistance provided under this Agreement, HPW shall cause or require a covenant running with the land to be inserted in the deed or lease for such transfer, prohibiting discrimination as herein defined, in the sale, lease or rental, or in the use of occupancy of such land, or in any improvements erected or to be erected thereon, providing that HCDD and the United States are beneficiaries of and entitled to enforce such covenants. HPW, in undertaking its obligation to carry out the program assisted hereunder, agrees to take such measures as are necessary to enforce such covenant, and will not itself so discriminate.

### 4. Section 504

HPW will ensure the General Contractor complies with all Federal regulations issued pursuant to compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), which prohibits discrimination against the individuals with disabilities or handicaps in any Federally assisted program. HCDD shall provide HPW with any guidelines necessary for compliance with that portion of the regulation in force during the term of this Agreement upon request.

## B. Affirmative Action

### 1. Women-and Minority-Owned Businesses (W/MBE)

HPW and Office of Business Opportunity (OBO) will ensure the General Contractor uses best efforts to afford small businesses, minority business enterprises and women's business enterprises the maximum practicable opportunity to participate in the performance of this Agreement. As used in this Agreement, the terms "small business" means a business that meets criteria set forth in section 3(a) of the Small Business Act, as amended (15 U.S.C. 632), and "minority and women's business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are African-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian-Americans, and American Indians. HPW may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.

### 2. Access to Records

HPW shall furnish and cause each of its own subrecipients or subcontractors to furnish all information and reports required hereunder and will permit access to its books, records and account by HCDD, HUD or its agent, or other authorized Federal officials for purposes of investigation to ascertain compliance with the rules, regulations and provisions stated herein.

### 3. Notifications

HPW will ensure the General Contractor sends notice to each labor union or representative of workers with which General Contractor has a collective bargaining agreement or other contract or understanding, to be provided by the agency contracting officer, advising the labor union worker's representative of General Contractor's commitments hereunder, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

### 4. Equal Employment Opportunity and Affirmative Action (EEO/AA) Statement

HPW will ensure that the General Contractor, in all solicitations or advertisements for employees placed by or on behalf of HPW, state that it is an Equal Opportunity or Affirmative Action employer.

### 5. Subcontract Provisions

HPW will ensure that the General Contractor includes the provision of Paragraphs X.A, "Civil Rights", and B, "Affirmative Action", in every subcontract or purchase order, specifically or by reference, so that such provisions will be binding upon each of its own subrecipients or subcontractors.

## C. Employment Restrictions

### 1. Prohibited Activity

HPW are prohibited from using funds provided herein or personnel employed in the administration of the Project for: political activities; inherently religious activities; lobbying; political patronage; and nepotism activities.

### 2. Labor Standards

HPW agrees to comply with the requirements of the Secretary of Labor in accordance with the Davis-Bacon Act as amended, the provisions of Contract Work Hours and Safety Standards Act (40 U.S.C. 327 *et seq.*) and all other applicable Federal, state and local laws and regulations pertaining to labor standards insofar as those acts apply to the performance of this Agreement. HPW agrees to comply with the Copeland Anti-Kick Back Act (18 U.S.C. 874 *et seq.*) and its implementing regulations of the U.S. Department of Labor at 24 CFR Part 5. HPW shall insure the maintenance documentation that demonstrates compliance with hour and wage requirements of this part.

HPW agrees that, except with respect to the rehabilitation or construction of residential property containing less than eight (8) units, all contractors engaged under contracts in excess of \$2,000.00 for construction, renovation or repair work financed in whole or in part with assistance provided under this Agreement, shall ensure compliance with Federal requirements adopted by HCDD pertaining to such contracts and with the applicable requirements of the regulations of the Department of Labor, under 29 CFR Parts 1,3,5 and 7 governing the payment of wages and ratio of apprentices and trainees to journey workers; provided that, if wage rates higher than those required under the regulations are imposed by state or local law, nothing hereunder is intended to relieve HPW of its obligation, if any, to require payment of the higher wage. HPW shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of this paragraph.

HPW agrees that all contract compliance and reporting under the Davis-Bacon Act will be monitored and controlled by the Code of Federal Regulations, Title 49, Parts 23 and 26; MWSBE will be monitored and controlled by the Office of Business Opportunity (OBO) as mandated by the City Code of Ordinances, Chapter 15, Articles II and V. HPW agrees to comply with any other federal, state and local laws, regulations or ordinances including, but not limited to, those pertaining to Prevailing Wage Rates, MWSBE and DBE Program Compliance, and EEO compliance.

HPW agrees that all project activities require compliance with the City's Pay or Play ordinance as stated in Executive Order 1-7 7.1. Contractors with contract excess of \$200,000 shall comply with the City's Pay or Play Program, as set out in Executive Order No. 1-7, the requirements and terms of which are incorporated into contract terms for all purposes, which shall be monitored and controlled by HCDD.

### 3. "Section 3" Clause

#### a. Compliance

All Section 3 reporting and requirements will be monitored and controlled by HCDD.

Compliance with the provisions of Section 3 of the HUD Act of 1968, as amended, and as implemented by the regulations set forth in 24 CFR Part 135, and all applicable rules and orders issued hereunder prior to the execution of this Agreement, shall be a condition of the Federal financial assistance provided under this Agreement and is binding upon HPW and any subrecipients and subcontractors. Failure to fulfill these requirements shall subject HPW and any subrecipients and subcontractors, their successors and assigns, to those sanctions specified by the Agreement through which Federal assistance is provided. HPW will ensure that the General Contractor certifies and agrees that no contractual or other disability exists that would prevent compliance with these requirements.



HPW further agrees to comply with these "Section 3" requirements and to include the following language in all subcontracts executed under this Agreement:

"The work to be performed under this Agreement is a project assisted under a program providing direct Federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701). Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to low-and very low-income residents of the project area, and that contracts for work in connection with the project be awarded to business concerns that provide economic opportunities for low-and very low-income persons residing in the metropolitan area in which the project is located."

HPW further agrees to ensure that opportunities for training and employment arising in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project are given to low-and very-low income person residing within the metropolitan area in which the CDBG-DR funded project is located; where feasible, priority should be given to low-and very low-income person within the service area of the project or neighborhood in which the project is located, and low-and very low-income participants in other HUD programs; and award contracts for work undertaken in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project to business concerns that provide economic opportunities for low and very low-income persons residing within the metropolitan area in which the CDBG-DR funded project is located; where feasible, priority should be given to business concerns that provide economic opportunities to low- and very low-income residents within the service area or the neighborhood in which the project is located, and to low-and very low-income participants in other HUD programs.

HPW certifies and agrees that no contractual or other legal incapacity exists that would prevent compliance with these requirements.

b. Notifications

HPW will ensure that the General Contractor sends notice to each labor organization or representative of workers with which it has a collective bargaining agreement or other contract or understanding, if any, advising said labor organization or worker's representative of its commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.

c. Construction Contracts

HPW will include this Section 3 clause in every construction contract and will take appropriate action pursuant to the subcontract upon a finding that the

contractor is in violation of regulations issued by the grantor agency. HPW will not contract with any entity where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR Part 135 and will not let any contract unless the entity has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

#### D. Conduct

##### 1. Subcontracts

###### a. Approvals

HPW shall not enter into any construction contracts with any agency or individual in the performance of this contract without the written consent of HCDD prior to the execution of such agreement.

###### b. Monitoring

HPW will monitor all contracted services on a regular basis to assure contract compliance with the CDBG Regulations referenced in this Agreement. Results of monitoring efforts shall be summarized in written reports and supported with documented evidence of follow-up actions taken to correct areas of noncompliance.

###### c. Content

HPW shall cause all of the provisions of this contract in its entirety to be included in and made a part of any contract executed in the performance of this Agreement.

###### d. Selection Process

HPW shall undertake to ensure that all construction contracts let in the performance of this Agreement shall be awarded on a fair and open competition basis in accordance with applicable procurement requirements. Executed copies of all contracts awarded with CDBG-DR funds provided under this Agreement, shall be forwarded to HCDD along with documentation concerning the selection process.

##### 2. Hatch Act

HPW agrees that no funds provided, nor personnel employed under this Agreement, shall be in any way or to any extent be used to engage in the conduct of political activities in violation of Chapter 15, Title V, U.S.C.

##### 3. Conflict of Interest

HPW agrees to abide by the provisions of 2 CFR § 200.318 and 24 CFR § 570.611, which include (but are not limited to) the following:

- a. HPW shall maintain a written code or standard of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds.
- b. No employee, officer or agent of HPW shall participate in the selection, or in the award, or administration of, a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved.
4. No covered persons who exercise or have exercised any functions or responsibilities with respect to CDBG-assisted activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in any contract or have a financial interest in any contract, subcontract, or agreement with respect to the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of one (1) year thereafter. For the purposes of this paragraph, a "covered person" includes any person who is an employee, agent, consultant, officer, or elected or appointed official of HCDD, HPW, or any designated public agency.

HPW will ensure the General Contractor agrees that:

- a. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or any employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan or cooperative agreement;
- b. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions; and
- c. It will require that the language of paragraph (d) of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

d. Lobbying Certification

"This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S.C. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure."

5. Copyright

If this Agreement results in any copyrightable material or inventions, if applicable, HCDD and/or grantor agency reserves the right to royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use and to authorize others to use, the work or materials for governmental purposes.

**XI. ENVIRONMENTAL CONDITIONS**

A. Air and Water

HPW will ensure the General Contractor complies with the following requirements insofar as they apply to the performance of this Agreement:

- Clean Air Act, 42 U.S.C. § 7401, *et seq.*;
- Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, *et seq.*, as amended, 33 U.S.C. § 1318 relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder; and
- Environmental Protection Agency (EPA) regulations pursuant to 40 CFR Part 50 as amended.

B. Lead-Based Paint

HPW will ensure the General Contractor agrees that any construction or rehabilitation of residential structures with assistance provided under this Agreement shall be subject to HUD Lead-Based Paint Regulations at 24 CFR § 570.608 and 24 CFR Part 35, Subpart B. Such regulations pertain to all CDBG-assisted housing and require that all owners, prospective owners, and tenants of properties constructed prior to 1978 be properly notified that such properties may include lead-based paint. Such notification shall point out the hazards of lead-based paint and explain the symptoms, treatment and precautions that should be taken when dealing with lead-based paint poisoning and the advisability and availability of blood lead level screening for children under seven. The notice should also point out that if lead-based paint is found on the property, abatement measures may be undertaken. The regulations further require that, depending on the amount of Federal funds applied to a property, paint testing, risk assessment, treatment and/or abatement may be conducted.

### C. Historic Preservation

HPW will ensure compliance with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. § 470) and the procedures set forth in 36 CFR Part 800, Advisory Council on Historic Preservation Procedures for Protection of Historic Properties, insofar as they apply to the performance of this Agreement.

In general, this requires concurrence from the State Historic Preservation Officer for all rehabilitation and demolition of historic properties that are fifty years old or older or that are included on a Federal, state, or local historic property list.

HPW will ensure that all necessary federal requirements, as provided by HCDD, are incorporated into each construction contract.

This Agreement shall be effective on the 11th day of September,  
2020 (Effective Date).

AGREED AND ACCEPTED

DocuSigned by:



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\_\_\_\_\_  
Tom McCasland  
Director  
Housing and Community  
Development Department

DocuSigned by:



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Carol Ellinger Haddock, P.E.  
Director  
Houston Public Works

**ATTACHMENT II**

Budget

Houston Public Works

CDBG-DR15

Spellman Detention Basin (M-420HUD-005A-3)

Project Budget

Updated: 08/14/20	NTP
<b>Construction Cost:</b>	
Estimated Construction Cost (ECC)	6,957,763
Portion of 30% Engineering Estimate Contingency from HCDD Grant Funds	1,174,436
Portion of 30% Engineering Estimate Contingency from HPW-CIP fund	912,893
Subtotal Construction Costs	9,045,092
<b>Other Costs:</b>	
Engineering Design Cost (EDC) (Includes Geotechnical, Environmental & Survey)	1,000,000
Engineering Design Mgmt (Cost Recovery)	150,000
9% Construction Management, Inspection and Administration (Cost Recovery)	814,058
5% Contingency for Construction	452,255
4% Testing Services	361,804
Sub Total Costs	2,778,117
Land Acquisition Costs:	6,791,021
Land Acquisition Cost Recovery:	51,250
Sub Total Costs	6,842,271
<b>Total Project Grant Fund Cost</b>	<b>17,752,586</b>
<b>Total Project Cost including CIP fund</b>	<b>\$ 18,665,479</b>
HCDD Grant Funds \$17,752,586.00.	
(*) HPW - CIP Fund \$912,893.00	

Sources	Amount	Uses	Amount
COH HCDD	\$ 17,752,586.00	Land Acquisition	\$ 6,842,271.00
COH HPW	\$ 912,893.00	Construction	\$ 6,957,763.00
		Design Phase	\$ 1,000,000.00
		Administration (Construction Management)	\$ 964,058.00
		Testing Services	\$ 361,804.00
		Contingency	\$ 2,539,583.00
<b>Total</b>	<b>\$ 18,665,479.00</b>	<b>Total</b>	<b>\$ 18,665,479.00</b>





**ATTACHMENT III**

Scope of Services

Houston Public Works  
Capital Projects

Scope of Services

**City of Houston**  
**CDBG-DR15 Infrastructure Project**

**DRAINAGE IMPROVEMENT PROJECT**

<b>Name:</b>	<b>DR15 Spellman Detention Basin</b>
<b>Description:</b>	<p>This project is generally bound by Willowbend Drive to the north, Sandpiper Drive to the east, West Bellfort Street to the South and HCFCFCD #D140-00-00 to the west.</p> <p>The City has identified three parcels of land adjacent to HCFCFCD Unit No. D-140-00-00 (Fondren Diversion Channel) in the Brays Bayou watershed, on which to locate a detention basin. The basin would benefit homes in the area by reducing water surface elevations and potentially, removing homes from the floodplain.</p>
<b>Scope:</b>	<p>The detention basin will provide a reduction in the water surface elevation during the 100-year storm event for both Willow Waterhole and the Fondren Diversion Channel. Construction consists of real estate acquisition of three parcels, clearing of undeveloped land, pavement repairs, excavation and construction of a detention basin, and demolition of existing structures for nine (9) storage facilities and a library.</p>

**ATTACHMENT IV**

CDBG-DR Quarterly Progress Report  
Infrastructure Projects

# CDBG-DR Quarterly Progress Report Infrastructure Projects

## CDBG-DR Quarterly Progress Report Infrastructure Projects

Activity Name			
Reporting Period	# of Linear Miles of Public Improvement	# of Linear Feet of Public Improvement	Activity Progress Narrative *
	0	0	

\* The progress narrative can be used to report other accomplishments for programs that don't fit into performance measures. Cite the percentage of the activity that has been completed, explain undue delays, include construction/acquisition completion date(s), and anticipated project completion date.

**ATTACHMENT V**

Federal Contract Requirements

## **FEDERAL CONTRACT REQUIREMENTS**

All references to "Contractor" in this Exhibit shall apply to the District, also referred to as "Subrecipient", and any contractor, or subcontractor or subaward performing work on behalf of the Contractor pursuant to the foregoing Agreement/Contract, as applicable. The following Federal Contract Requirements will generally apply to all Contractors. Also see 24 CFR Part 200; applicable federal program requirements at 24 CFR Part 570 (CDBG), 24 CFR Part 92 (HOME), 24 CFR Part 574 (HOPWA), 24 CFR Part 576 (Emergency Solutions Grant); and applicable laws, rules and regulations relating to other programs administered by the U.S. Department of Housing and Urban Development ("HUD").

### **SECTION 1**

#### **Public Law 88-352 and Public Law 90-284; Affirmatively Furthering Fair Housing; Executive Order 11063**

A. The Contractor shall comply with Title VI of the Civil Rights Act of 1964 (P.L. 88-352 42 U.S.C. §2000d et seq.) ("Title VI") and with Title 24 Code of Federal Regulations (CFR) Part 1, which implements Title VI. In accordance with Title VI, no person in the United States shall, on the basis of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Contractor receives federal financial assistance. The Contractor will immediately take any measures necessary to comply with Title VI. If any real property or structure thereon is provided or improved with the aid of federal financial assistance, this clause shall obligate the owner, or in the case of any transfer of such property, any transferee, to comply with the requirements and restrictions contained in this clause for the period during which the real property or structure is used for a purpose for which the federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.

B. The Contractor shall comply with Public Law 90-284, which refers to Title VII of the Civil Rights Act of 1968, also known as the Fair Housing Act (42 U.S.C. §3601 et seq.), which provides that it is the policy of the United States to provide, within constitutional limitations, for fair housing throughout the United States and prohibits any person from discriminating in the sale of rental of housing, the financing of housing, or the provision of brokerage services, including otherwise making unavailable or denying a dwelling to any person, because of race, color, religion, sex or national origin. In accordance with the Fair Housing Act, the Secretary of HUD requires that grantees administer all programs and activities related to housing and urban development in a manner to affirmatively further the policies of the Fair Housing Act. Furthermore, in accordance with section 104(b)(2) of the Act, for each community receiving a grant, the certification that the grantee will affirmatively further fair housing shall specifically require the grantee to take meaningful actions to further the goals identified in the grantee's AFH conducted in accordance with the requirements of 24 CFR §§5.150 - 5.180 and take no action that is materially inconsistent with its obligation to affirmatively further fair housing.

C. Executive Order 11063, as amended by Executive Order 12259 (3 CFR §§1959-1963 Com., p. 652; 3 CFR §1980 Comp., p 307) (Equal Opportunity in Housing), and implementing regulations in 24 CFR Part 107, as applicable.

## **SECTION 2**

### **Non-Discrimination in Programs and Activities**

The Contractor shall comply with the Age Discrimination Act of 1975 and implementing federal regulations, **42 U.S.C. §6101 et seq.**, issued pursuant to the Act. Any prohibition against discrimination on the basis of age under the Age Discrimination Act, or with respect to an otherwise qualified handicapped individual as provided in Chapter 126 of Title 42 and chapter 5 of Title 47 shall also apply to any such program or activity. (Also see 29 U.S.C.A. §794)

## **SECTION 3**

### **National Flood Insurance Program**

A. If applicable, this Agreement is subject to the requirements of the Flood Disaster Protection Act of 1973 (P.L. 93-234) for areas identified by HUD as having special flood hazards. The use of any funds provided for acquisition or construction in identified areas shall be subject to the Mandatory Purchase of Flood Insurance requirements of section 102(a) of said act.

B. Any contract or agreement for the sale, lease, or other transfer of land acquired, cleared, or improved with assistance provided under this Agreement shall contain, if the land is located in an area identified by HUD as having a special flood hazard, provisions which obligate the transferee and its successors or assigns to obtain and maintain, during the life of the project, flood insurance as required under section 102(a) of the Flood Disaster Protection Act of 1973, as amended. These provisions shall be required notwithstanding the fact that the construction on the land is not itself funded with funds provided under this Agreement.

## **SECTION 4**

### **Displacement, Relocation, Acquisition and Replacement of Housing**

Contractor understands that projects funded hereunder may be subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. §4601-4655), as applicable; and that individuals or businesses that are required to move from real property, permanently or involuntarily as a direct result of rehabilitation, demolition, or acquisition for the project assisted hereunder must be compensated pursuant to the URA.



**SECTION 5**  
**Employment and Contracting Opportunities**

A. **Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086, and 12107 (Equal Employment Opportunity)**

The Contractor agrees as follows:

(1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion sex, or national origin. Contractor will take affirmative action to ensure applicants are employed, and employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City setting forth the provisions of this nondiscrimination clause.

(2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(3) The Contractor will send to each labor union or representative of workers with which the Contractor has a collective bargaining agreement or other contract or understanding, a notice to be provided by the City, advising the labor union or workers' representative of the Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965, as amended, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor set forth at 41 CFR Part 60.

(5) The Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, as amended, and by the rules, regulations and orders of the Secretary of the U.S. Department of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this Agreement or with any of such rules, regulations or orders, this Agreement may be canceled, terminated or suspended in whole or in part and the Contractor may be declared ineligible for further government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, as amended, other sanctions may be imposed and remedies invoked as provided in Executive Order

11246 of September 24, 1965, as amended, or by rule, regulation, or order of the Secretary of the U.S. Department of Labor, or as otherwise provided by law.

(7) The Contractor will include provisions similar to paragraph 1 through 7 in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of the U.S. Department of Labor, issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, as amended, so that such provisions will be binding upon subcontractors or vendors. The Contractor will take such action with respect to any subcontract or purchase order as the City may direct as a means of enforcing such provisions including sanctions for noncompliance: PROVIDED, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the City, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

**B. Section 3 Of The Housing And Urban Development Act Of 1968**

(1) The work to be performed under this Agreement is on a project assisted under a program providing federal financial assistance from the Department of Housing and Urban Development (HUD). Section 3 of the Housing and Urban Development Act of 1968, as amended, (12 U.S.C. §1701u, "Section 3") and implementing regulations at 24 CFR Part 135 apply to the Agreement. Under Section 3, to the greatest extent feasible, for any contract award in excess of \$100,000, the Contractor shall give opportunities for training and employment to lower-income residents of the City and shall award contracts for work in connection with the project to business concerns which are located in or owned in substantial part by persons residing in the City.

(2) The Contractor will comply with the provisions of Section 3, and all applicable rules and orders of HUD issued thereunder prior to the execution of the Agreement. The Contractor certifies and agrees that there is no contractual or other disability which would prevent compliance with these requirements.

(3) The Contractor shall send to each labor organization or representative of workers with which it has a collective bargaining agreement or other contract or understanding, if any, a notice advising the labor organization or workers' representative of the commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.

(4) The Contractor will include or have included a Section 3 clause in every subcontract for work in connection with the project. The Contractor shall, at the direction of the City, take appropriate action pursuant to any subcontract upon a finding that the subcontractor is in violation of this Section 3 clause. The Contractor will not subcontract with any subcontractor where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR Part 135. The Contractor shall not let any subcontract unless the subcontractor has

provided the Contractor with a preliminary statement of ability to comply with the requirements of this Section 3 clause.

(5) Compliance with the provisions of Section 3, and all applicable rules and orders of HUD issued thereunder prior to the execution of this Agreement shall be a condition of the federal financial assistance provided to the project. These provisions are binding upon the City, its contractors and subcontractors, their successors and assigns. Failure to fulfill these requirements shall subject the City, its contractors and subcontractors, their successors and assigns to those sanctions specified by the grant or loan agreement or contract through which federal assistance is provided.

(6) The Contractor shall have completed, signed and delivered a Voluntary Compliance Form (provided by the City) to the Director prior to the execution of this Agreement.

## **SECTION 6**

### **Lead-Based Paint Poisoning Prevention Act**

The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. §§4851-4856), and the implementing regulations at 24 CFR Part 35, Subparts A, B, J, K and R may apply to activities under the Agreement.

## **SECTION 7**

### **Use Of Debarred, Suspended, Or Ineligible Contractors or Subrecipients**

(a) The Contractor shall not employ, award contracts to, or otherwise engage the services of any contractor or subcontractor during any period of debarment, suspension, or placement in ineligibility status under the provisions of 24 CFR Part 5 or under the authority of the City.

(b) The Contractor shall not use federal funds for any contract for the construction, alteration or repair of the project funded under this Agreement with any contractor or subcontractor listed on the governmentwide Excluded Parties List System in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR Part 180 that implement Executive Orders 12549 (3 CFR Part 1986 Comp., p. 189) and 12689 (3 CFR Part 1989 Comp., p. 235), "Debarment and Suspension." The Excluded Parties List System in SAM contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

## **SECTION 8**

### **Uniform Administrative Requirements, Cost Principles and Audit Requirements**

The Contractor shall comply with "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards" as set forth under 2 CFR Part 200, as applicable.

## **SECTION 9**

### **Conflict Of Interest**

A. In the procurement of supplies, equipment, construction, and services by the City or a subrecipient, the conflict of interest provisions in 2 CFR Part 200, Subpart B - General Provisions, shall apply.

B. In all cases not governed by 2 CFR Part 200, Subpart B, the provisions of this section shall apply. Such cases include, but may not be limited to, the acquisition and disposition of real property and the provision of assistance by the recipient, by its subrecipients, or to individuals, businesses or other private entities under eligible activities which authorize such assistance (e.g. rehabilitation, preservation, and other improvements of private properties or facilities).

- (i) No persons described in paragraph (ii) (below) who exercise or have exercised any functions or responsibilities with respect to federal activities or who are in a position to participate in a decision-making process or gain inside information with regard to federal assisted activities, may obtain a personal or financial interest or benefit from, or have any interest in any contract, subcontract, or agreement or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter with respect to the federal assisted activity, or with respect to the proceeds of the federal assisted activity.
- (ii) The requirements of paragraph (i) apply to any person who is an employee, agent, consultant, officer, or elected or appointed official of the City, of any designated public agency, or subrecipient which receives funds under the federal grant.

## **SECTION 10**

### **Eligibility for Aliens Not Lawfully Present in U.S.**

Contractor understands that aliens not lawfully present in the U.S., as described in 49 CFR §24.208, are not eligible to apply for benefits under certain federal activities.

## **SECTION 11**

### **Compliance With Clean Air And Water Acts**

This Agreement may be subject to the requirements of the Clean Air Act, as amended (42 U.S.C. §§7401-7671q), the Federal Water Pollution Control Act, as amended (33 U.S.C. §§1251-1387) and the regulations issued under the Clean Air Act and the Federal Water Pollution Control Act and by the Environmental Protection Agency. In compliance with, the regulations, Contractor agrees that:

A. No facility to be utilized in the project or program is on the list of Violating Facilities issued by the U.S. Environmental Protection Agency (EPA) pursuant to **40 CFR §15.20**.

B. The Contractor will comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, (42 U.S.C. §§7401-7671q), and the Federal Water Pollution Control Act, as amended (33 U.S.C. §§1251-1387).

C. As a condition for the award of this Agreement, the Contractor shall give prompt notice to the City of any notification of violations received from the Office of Federal Activities or the EPA, indicating that a facility utilized or to be utilized is under consideration to be listed on the EPA List of Violating Facilities.

D. The Contractor will include or cause to be included the requirements contained in paragraphs A through C of this clause in every lower-tier nonexempt contract and will take such action as the City may direct as a means of enforcing such provisions.

E. In no event shall any amount of the funds provided under the Agreement be utilized with respect to a facility which has given rise to a conviction under section 113(c)(1) of the Clean Air Act or section 309(c) of the Federal Water Pollution Control Act.

F. Contractors who receive subcontracts/subgrants of amounts in excess of \$150,000 are required to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. §§7401-7671q) and the Federal Water Pollution Control Act, as amended (33 U.S.C. §§1251-1387).

G. Any violations of this Section 12 must be reported to the Federal awarding agency, the Regional Office of the Environmental Protection Agency (EPA), and the City.

## **SECTION 12**

### **Architectural Barriers Act**

The Architectural Barriers Act of 1968 (42 U.S.C. §§4151-4157) requires certain Federal and Federally funded buildings and other facilities to be designed, constructed, or altered in accordance with standards that insure accessibility to, and use by, physically handicapped people. A building or facility designed, constructed or altered with funds allocated or reallocated under this part after December 11, 1995, and that meets the definition of "residential structure" as defined in 24 CFR §40.2 or the definition of "building" as defined in 41 CFR §101-19.602(a) is subject to the requirements of the Architectural Barriers Act of 1968 (42 U.S.C. §§4151-4157) and shall comply with the Uniform Federal Accessibility Standards (Appendix A to 24 CFR Part 40 for residential structures, and Appendix A to 41 CFR Part 101-19, Subpart 10119.6, for general type buildings).

## **SECTION 13**

### **The Americans with Disabilities Act**

The Americans with Disabilities Act, also referred to as the ADA (42 U.S.C. §12131; 47 U.S.C. §§155, 201, 218 and 225), provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, State and local government services, and telecommunications. It further provides that discrimination includes a failure to design and construct facilities for first occupancy no later than January 25, 1993 that are readily accessible to and usable by individuals with disabilities. Further, the ADA requires

the removal of architectural barriers and communication barriers that are structural in nature in existing facilities, where such removal is readily achievable--that is, easily accomplishable and able to be carried out without much difficulty or expense.

#### **SECTION 14**

##### **Records For Audit Purposes**

Without limitation to any other provision of the foregoing Agreement/Contract the Contractor shall maintain all records concerning the program or project financed under this Agreement which the City reasonably requires from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient pursuant to 2 CFR §200.333. The Contractor shall maintain records required by **24 CFR §135.92** for the period required under 2 CFR §200.333. The Contractor will give the City, HUD, the Comptroller General of United States, the General Accounting Office, or any of their authorized representatives access to and the right to examine, copy, or reproduce all records pertaining to the acquisition and construction of the project and the operation of the program or project. The right to access shall continue as long as the records are required to be maintained **under 2 CFR §200.336**.

#### **SECTION 15**

##### **Audit Requirements**

A. Limited Scope Audit - Contractor understands that Non-Federal entities that expend less than \$750,000 a year in Federal awards are exempt from Federal audit requirements for that year, but records must be available for review and audit as described hereinabove at Section 17. Contractor further understands that limited scope audits can and may be required by the City for non-Federal entities that expend less than \$750,000. If the City requires such limited scope audits, same shall be performed in accordance with 2 CFR Part 200, Subpart F - Audit Requirements.

B. Single Audit - Single Audit - Contractor further understands that non-Federal entities that expend \$750,000 or more a year in Federal awards shall have a single audit conducted pursuant to 2 CFR Part 200, Subpart F - Audit Requirements, except when an election is made to have a program specific audit pursuant to and described in 2 CFR Part 200, Subpart F - Audit Requirements. Once the Contract is executed, Contractor understands that it is barred from considering such audit and must have a single audit conducted as described hereinabove.

#### **SECTION 16**

##### **Additional Federal Requirements Under 2 CFR PART 200, Appendix II, As Applicable**

(A) **Simplified Acquisition Threshold.** Contracts for more than the simplified acquisition threshold currently set at \$150,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. §1908, as may be amended from time to time, must

address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

(B) **Contract Minimum for Termination for Cause and Convenience.** All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be affected and the basis for settlement.

(C) **Davis Bacon Act, as amended (40 U.S.C. §§3141–3148).** When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. §§3141–3144, and 3146–3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

(D) **Copeland Anti-Kick Back Act.** Contracts must also include a provision for compliance with the Copeland “Antikickback” Act (40 U.S.C. §3145), as supplemented by Department of Labor regulations (29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

(E) **Contract Work Hours and Safety Standards Act (40 U.S.C. §§3701–3708).** Where applicable, all contracts awarded by the nonfederal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. §3702 and §3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. §3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. §3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

(F) **Rights to Inventions Made Under a Contract or Agreement.** If the Federal award meets the definition of “funding agreement” under 37 CFR §401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.

(G) **Energy Policy and Conservation Act.** Contractor must comply with mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (42 U.S.C. §6201).

(G) **Byrd Anti-Lobbying Amendment (31 U.S.C. §1352).** Contractors that apply or bid for an award of \$100,000 or more must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. §1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

(H) **Procurement of Recovered Materials.** See 2 CFR §200.322.



**ATTACHMENT VI**

CDBG-DR15 Flood Events Federal Registers

Billing Code: 4210-67  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5938-N-01]

Allocations, Common Application, Waivers, and Alternative Requirements for Community Development Block Grant (CDBG) Disaster Recovery Grantees under Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2016 (Pub. L. 114-113)

AGENCY: Office of the Assistant Secretary for Community Planning and Development, HUD.

ACTION: Notice.

SUMMARY: This notice allocates \$299 million in Community Development Block Grant disaster recovery (CDBG-DR) funds appropriated by the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2016 for the purpose of assisting long-term recovery in South Carolina and Texas. This notice describes applicable waivers and alternative requirements, relevant statutory provisions for grants provided under this notice, the grant award process, criteria for plan approval, and eligible disaster recovery activities. The waivers, alternative requirements, and other provisions of this notice reflect the Department's commitment to expediting recovery, increasing the resilience of impacted communities and ensuring transparency in the use of Federal disaster recovery funds.

DATES: Effective Date: [Insert date 5 days from date of publication in the FEDERAL REGISTER.]

FOR FURTHER INFORMATION CONTACT: Stanley Gimont, Director, Office of Block Grant Assistance, Department of Housing and Urban Development, 451 7th Street, SW, Room 7286, Washington, DC 20410, telephone number 202-708-3587. Persons with hearing or speech impairments may access this number via TTY by calling the Federal Relay Service at 800-877-8339. Facsimile inquiries may be sent to Mr. Gimont at 202-401-2044. (Except for the

mortgage payments may be due but the home is inhabitable. Thus, this interim assistance will be critical for many households facing financial hardship during this period. Grantees may use interim housing rehabilitation payments to expedite recovery assistance to homeowners, but must establish performance milestones for the rehabilitation that are to be met by the homeowner in order to receive such payments. A grantee using this alternative requirement must document, in its policies and procedures, how it will determine the amount of assistance to be provided is necessary and reasonable.

32. *Acquisition of real property: flood and other buyouts.* Grantees under this notice are able to carry out property acquisition for a variety of purposes. However, the term "buyouts" as referenced in this notice refers to acquisition of properties located in a floodway or floodplain that is intended to reduce risk from future flooding or the acquisition of properties in Disaster Risk Reduction Areas as designated by the grantee. HUD is providing alternative requirements for consistency with the application of other Federal resources commonly used for this type of activity.

Grantees are encouraged to use buyouts strategically, as a means of acquiring contiguous parcels of land for uses compatible with open space, recreational, natural floodplain functions, other ecosystem restoration, or wetlands 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.

a. *Clarification of "Buyout" and "Real Property Acquisition" activities.* 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 (FMV). In most

cases, a program that provides pre-disaster FMV to buyout applicants provides compensation at an amount greater than the post-disaster FMV. When the purchase price exceeds the current FMV, any CDBG-DR funds in excess of the FMV are considered assistance to the seller, thus making the seller a beneficiary of CDBG-DR assistance. If the seller receives assistance as part of the purchase price, this may have implications for duplication of benefits calculations or for demonstrating national objective criteria, as discussed below. However, a program that provides post-disaster FMV to buyout applicants merely provides the actual value of the property; thus, the seller is not considered a beneficiary of CDBG-DR assistance.

Regardless of purchase price, all buyout activities are a type of acquisition of real property (as permitted by section 105(a)(1) of the HCD Act). However, only acquisitions that meet the definition of a "buyout" are subject to the post-acquisition land use restrictions imposed by the applicable prior notices. The key factor in determining whether the acquisition is a buyout is whether the intent of the purchase is to reduce risk from future flooding or to reduce the risk from the hazard that lead to the property's Disaster Risk Reduction Area designation. To conduct a buyout in a Disaster Risk Reduction Area, the grantee must establish criteria in its policies and procedures to designate the area subject to the buyout, pursuant to the following requirements: (1) the hazard must have been caused or exacerbated by the Presidentially declared disaster for which the grantee received its CDBG-DR allocation; (2) the hazard must be a predictable environmental threat to the safety and well-being of program beneficiaries, as evidenced by the best available data and science; and (3) the Disaster Risk Reduction Area must be clearly delineated so that HUD and the public may easily determine which properties are located within the designated area.

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 acquisitions are not acquired through a buyout program, the purchase price must be consistent with applicable uniform cost principles (and the pre-disaster FMV may not be used).

*a. Buyout requirements:*

(1) Any property acquired, accepted, or from which a structure will be removed pursuant to the project will be dedicated and maintained in perpetuity for a use that is compatible with open space, recreational, or floodplain and wetlands management practices.

(2) No new structure will be erected on property acquired, accepted, or from which a structure was removed under the acquisition or relocation program other than: (a) a public facility that is open on all sides and functionally related to a designated open space (e.g., a park, campground, or outdoor recreation area); (b) a rest room; or (c) a flood control structure, provided that structure does not reduce valley storage, increase erosive velocities, or increase flood heights on the opposite bank, upstream, or downstream and that the local floodplain manager approves, in writing, before the commencement of the construction of the structure.

(3) After receipt of the assistance, with respect to any property acquired, accepted, or from which a structure was removed under the acquisition or relocation program, no subsequent application for additional disaster assistance for any purpose or to repair damage or make improvements of any sort will be made by the recipient to any Federal entity in perpetuity.

The entity acquiring the property may lease it to adjacent property owners or other parties for compatible uses in return for a maintenance agreement. Although Federal policy encourages leasing rather than selling such property, the property may also be sold. In all cases, a deed

restriction or covenant running with the property must require that the buyout property be dedicated and maintained for compatible uses in perpetuity.

(4) Grantees have the discretion to determine an appropriate valuation method (including the use of pre-flood value or post-flood value as a basis for property value). However, in using CDBG-DR funds for buyouts, the grantee must uniformly apply whichever valuation method it chooses.

(5) All buyout activities must be classified using the "buyout" activity type in the DRGR system.

(6) Any State grantee implementing a buyout program or activity must consult with affected UGLGs.

(7) When undertaking buyout activities, in order to demonstrate that a buyout meets the low- and moderate-income housing national objective, grantees must meet all requirements of the HCD Act and applicable regulatory criteria described below. Grantees are encouraged to consult with HUD prior to undertaking a buyout program with the intent of using the LMH national objective. Section 105(c)(3) of the HCD Act (42 U.S.C. 5305(c)(3)) provides that "[a]ny assisted activity under this chapter that involves the acquisition or rehabilitation of property to provide housing shall be considered to benefit persons of low- and moderate-income only to the extent such housing will, upon completion, be occupied by such persons." In addition, the State CDBG regulations at 24 CFR 570.483(b)(3) and entitlement CDBG regulations at 24 CFR 570.208(a)(3) apply the LMH national objective to an eligible activity carried out for the purpose of providing or improving permanent residential structures that, upon completion, will be occupied by low- and moderate-income households. Therefore, a buyout program that merely pays homeowners to leave their existing homes does not result in a low- and

moderate-income household occupying a residential structure and, thus, cannot meet the requirements of the LMH national objective. Buyout programs that assist low- and moderate-income persons can be structured in one of the following ways: (a) The buyout program combines the acquisition of properties with another direct benefit—Low- and Moderate-Income housing activity, such as down payment assistance—that results in occupancy and otherwise meets the applicable LMH national objective criteria in 24 CFR part 570 (e.g., if the structure contains more than two dwelling units, at least 51 percent of the units must be occupied by low- and moderate-income households). (b) The program meets the low- and moderate income area benefit criteria to demonstrate national objective compliance, provided that the grantee can document that the properties acquired through buyouts will be used in a way that benefits all of the residents in a particular area where at least 51 percent of the residents are low- and moderate-income persons. When using the area benefit approach, grantees must define the service area based on the end use of the buyout properties. (c) The program meets the criteria for the low- and moderate-income limited clientele national objective, including the prohibition on the use of the limited clientele national objective when an activity's benefits are available to all residents of the area. A buyout program could meet the national objective criteria for the limited clientele national objective if it restricts buyout program eligibility to exclusively low- and moderate-income persons, and the buyout provides an actual benefit to the low- and moderate income sellers by providing pre-disaster valuation uniformly to those who participate in the program.

*c. Redevelopment of acquired properties.*

(1) Properties purchased through a buyout program may not typically be redeveloped, with a few exceptions. (see subparagraph n(2) above).



Dated: June 9, 2016.

**Brian P. Fitzmaurice,**

Director, Division of Community Assistance,  
Office of Special Needs Assistance Programs.

**TITLE V, FEDERAL SURPLUS PROPERTY  
PROGRAM FEDERAL REGISTER REPORT  
FOR 06/17/2016**

**Suitable/Available Properties**

**Building**

**Alabama**

Gadsden Federal Building and Courthouse  
600 Broad Street  
Gadsden AL 35901

Landholding Agency: GSA

Property Number: 54201620018

Status: Excess

GSA Number: 4-G-AL-0805-AA

Comments: 105+ yrs. old; 17,488 sq. ft.; office  
& courthouse; listed on the national  
historic register; access must be  
coordinated; contact GSA for more  
information.

**Historic Hannah Houses**

157 and 159 N Conception Street

Mobile AL 36603

Landholding Agency: GSA

Property Number: 54201620020

Status: Excess

GSA Number: 4-G-AL-0817AAA

Comments: 163+ yrs. old; 8,868 sq. ft.; office;  
residential; vacant 120+ mos.;  
rehabilitation work needed; contact GSA  
for more information.

**Maryland**

Chapel Naval Station (Facility No. 127NS)

55 Eucalyptus Road

Annapolis MD 21402

Landholding Agency: Navy

Property Number: 77201620019

Status: Underutilized

Comments: off-site removal only; 68+ yrs.  
old; 2,062 sq. ft.; storage; 60+ mos. vacant;  
repairs needed; no future agency need;  
contact Navy for more information.

**Massachusetts**

**Shed**

1 Little Harbor Road

Falmouth MA 02543

Landholding Agency: Coast Guard

Property Number: 88201620003

Status: Excess

Comments: off-site removal only; 20+ yrs.  
old; 240 sq. ft. each; shed; requires  
maintenance; contact Coast Guard for more  
information.

**North Carolina**

Bryson City Federal Building and Courthouse

50 Main Street

Bryson City NC 28713

Landholding Agency: GSA

Property Number: 54201620019

Status: Excess

GSA Number: 4-G-NC-0838-AA

Comments: 54+ yrs. old; 34,156 sq. ft.; office  
& courthouse; access must be coordinated;  
lease expires less than 6 mos.; sits on 1.3  
acres of land; contact GSA for more  
information.

**Virginia**

Bldg. 27267

Bldg. 27267; MCIB-4

**Martine Corps Base**

Quantico VA 22134

Landholding Agency: Navy

Property Number: 77201620020

Status: Underutilized

Comments: off-site removal only; 13+ yrs.  
old; 713 sq. ft.; storage; no future agency  
need; contact Navy for more information.

**Washington**

Wenatchee Federal Building

301 Yakima Street

Wenatchee WA 98001

Landholding Agency: GSA

Property Number: 54201620012

Status: Excess

GSA Number: 9-G-WA-1286

Directions: The property is leased to  
governmental tenants and will continue to  
be leased 24 months from the date of sale  
with the option, to renew for a 5-year term.

Comments: 104,414 sq. ft. 4 story office building  
with full basement and mechanical  
penthouse constructed in 1973 on a 2.7-  
acre lot with 129 parking spaces; contact  
GSA for more information.

**N Border Housing at the Laurie**

LOPE

27107 Highway 395 North

Laurier WA 99146

Landholding Agency: GSA

Property Number: 54201620022

Status: Excess

GSA Number: 9-G-WA-1297-AA

Comments: off-site removal only; 80+ yrs.  
old; 1,970 sq. ft.; due to size/+yrs.  
relocation extremely difficult; storage;  
144+ mos. vacant; contact GSA for more  
information.

**South Border Housing at the Laurie LOPE**

27107 Highway 395 North

Laurier WA 99146

Landholding Agency: GSA

Property Number: 54201620023

Status: Excess

GSA Number: 9-G-WA-1297-AB

Comments: off-site removal only; 80+ yrs.  
old; 2,200 sq. ft.; due to size/+yrs.  
relocation extremely difficult; storage; 144+  
mos. vacant; contact GSA for more  
information.

**Unsuitable Properties**

**Building**

**Maryland**

Mini Mart/Package Store

(Facility #178NS)180 Kinkaid Road

Annapolis MD 21402

Landholding Agency: Navy

Property Number: 77201620018

Status: Underutilized

Comments: documented deficiencies:  
documentation provided represents a clear  
threat to personal physical safety;  
structural damages; hit by a vehicle 02/11/  
11.

Reasons: Extensive deterioration

**Massachusetts**

**3 Buildings**

1 Little Harbor Rd.

Falmouth MA 02543

Landholding Agency: Coast Guard

Property Number: 88201620002

Status: Excess

Directions: Aids to Navigation Bldg.;

Engineering Bldg., Supply Bldg.

Comments: public access denied and no  
alternative method to gain access without  
compromising national security.

Reasons: Secured Area

[FR Doc. 2016-14058 Filed 6-16-16; 8:45 am]

BILLING CODE 4210-47-P

**DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT**

[Docket No. FR-5938-N-01]

**Allocations, Common Application,  
Waivers, and Alternative Requirements  
for Community Development Block  
Grant Disaster Recovery Grantees**

**AGENCY:** Office of the Assistant  
Secretary for Community Planning and  
Development, HUD.

**ACTION:** Notice.

**SUMMARY:** This notice allocates \$200  
million in Community Development  
Block Grant disaster recovery (CDBG-  
DR) funds appropriated by the  
Transportation, Housing and Urban  
Development, and Related Agencies  
Appropriations Act of 2016 for the  
purpose of assisting long-term recovery  
in South Carolina and Texas. This  
notice describes applicable waivers and  
alternative requirements, relevant  
statutory provisions for grants provided  
under this notice, the grant award  
process, criteria for plan approval, and  
eligible disaster recovery activities. The  
waivers, alternative requirements, and  
other provisions of this notice reflect the  
Department's commitment to expediting  
recovery, increasing the resilience of  
impacted communities and ensuring  
transparency in the use of Federal  
disaster recovery funds.

**DATES:** Effective Date: June 22, 2016.

**FOR FURTHER INFORMATION CONTACT:**  
Stanley Gimont, Director, Office of  
Block Grant Assistance, Department of  
Housing and Urban Development, 451  
7th Street SW., Room 7286, Washington,  
DC 20410, telephone number 202-708-  
3587. Persons with hearing or speech  
impairments may access this number  
via TTY by calling the Federal Relay  
Service at 800-877-8339. Facsimile  
inquiries may be sent to Mr. Gimont at  
202-401-2044. (Except for the "800"  
number, these telephone numbers are  
not toll-free.) Email inquiries may be  
sent to [disaster\\_recovery@hud.gov](mailto:disaster_recovery@hud.gov).

**SUPPLEMENTARY INFORMATION:**

**Table of Contents**

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 Appendix A: Allocation Methodology

#### I. Allocations

Section 420 of the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2016 (Pub. L. 114–113, approved December 18, 2015) [Appropriations

Act] makes available \$300 million in Community Development Block Grant (CDBG) funds 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 resulting from a major disaster declared in 2015, pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (42 U.S.C. 5121 et seq.), related to the consequences of Hurricane Joaquin and adjacent storm systems, Hurricane Patricia, and other flood events. The Appropriations Act provides \$1 million of these funds for the Department's management and oversight of funded

disaster recovery grants. The law provides that grants shall be awarded directly to a State or unit of general local government (UGLG) at the discretion of the Secretary. Unless noted otherwise, the term "grantee" refers to the State or UGLG receiving a direct award from HUD under this notice. To comply with statutory direction that funds be used for disaster-related expenses in the most impacted and distressed areas, HUD allocates funds using the best available data that cover all of the eligible affected areas.

Based on a review of the impacts from these disasters, and estimates of unmet need, HUD is making the following allocations:

TABLE 1—ALLOCATIONS UNDER PUBLIC LAW 114–113

Disaster No.	State	Grantee	Allocation	Minimum amount that must be expended for recovery in the HUD-identified "most impacted" areas identified
4241	South Carolina	Lexington County (Urban County)	\$16,332,000	(\$16,332,000) Lexington County Urban County jurisdiction.
4241	South Carolina	Columbia	19,989,000	(19,989,000) City of Columbia.
4241	South Carolina	Richland County (Urban County)	23,516,000	(23,516,000) Richland County Urban County jurisdiction.
4241	South Carolina	State of South Carolina	96,827,000	(65,494,200) Charleston, Dorchester, Florence, Georgetown, Horry, Lexington, Richland, Sumter, Williamsburg.
4223, 4245	Texas	Houston	66,560,000	(66,560,000) City of Houston.
4223, 4245	Texas	San Marcos	25,080,000	(25,080,000) City of San Marcos.
4223, 4245	Texas	State of Texas	50,696,000	(22,228,800) Harris, Hays, Hidalgo, Travis.
Total			299,000,000	

Table 1 also shows the HUD-identified "most impacted and distressed" areas impacted by the disasters that did not receive a direct award. At least 80 percent of the total funds provided within each State under this notice must address unmet needs within the HUD-identified "most impacted and distressed" areas, as identified in the last column in Table 1. A State may determine where the remaining 20 percent may be spent by identifying areas it deems as "most impacted and distressed." A detailed explanation of HUD's allocation methodology is provided at Appendix A.

Each grantee receiving an allocation under this notice must submit an initial action plan for disaster recovery, or "action plan," no later than 90 days after the effective date of this notice. HUD will only approve action plans that meet the specific requirements identified in this notice under section VI, "Applicable Rules, Statutes, Waivers, and Alternative Requirements."

#### II. Use of Funds

The Appropriations Act requires that prior to the obligation of funds a grantee shall submit a plan detailing the proposed use of all funds, including criteria for eligibility, and how the use of these funds will address long-term recovery, restoration of infrastructure, and housing and economic revitalization in the most impacted and distressed areas. Thus, an action plan for disaster recovery must describe uses and activities that: (1) Are authorized under title I of the Housing and Community Development Act of 1974 (HCD Act) or allowed by a waiver or alternative requirement published in this notice, and (2) respond to a disaster-related impact. To inform the plan, grantees must conduct an assessment of community impacts and unmet needs to guide the development and prioritization of planned recovery activities.

Additionally, as provided for in the HCD Act, funds may be used as a matching requirement, share, or contribution for any other Federal program when used to carry out an

eligible CDBG-DR activity. This includes programs or activities administered by the Federal Emergency Management Agency (FEMA) and the U.S. Army Corps of Engineers (USACE), among other Federal sources. In accordance with Public Law 105–276, grantees are advised that not more than \$250,000 may be used for the non-Federal cost-share of any project funded by the Secretary of the Army through USACE. Additionally, CDBG-DR funds cannot supplant, and may not be used for activities reimbursable by or for which funds are made available by FEMA or USACE.

#### III. Management and Oversight of Funds

Consistent with 2 CFR 200.205 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Requirements), HUD will evaluate the risks posed by grantees before they receive Federal awards. HUD believes there is merit in establishing an assessment method similar to the method employed under a prior CDBG-DR appropriation

(Disaster Relief Appropriations Act, 2013 (Pub. L. 113-2)). Therefore, this notice requires grantees to submit documentation required by paragraphs (1) through (8) below ("Risk Analysis Documentation") in advance of signing a grant agreement that will allow the Department to ensure that grantees can adequately manage and oversee the CDBG-DR award.

The grant terms of the award will reflect HUD's risk assessment of the grantee and will require the grantee to adhere to the description of its grant oversight and implementation plan submitted in response to this notice (as described in paragraph 8 of section III of this notice). HUD will also institute an annual risk analysis as well as on-site monitoring of grantee management to further guide oversight of these funds.

Each grantee must submit Risk Analysis Documentation to demonstrate in advance of signing a grant agreement that it has in place proficient controls, procedures, and management capacity. This includes demonstrating financial controls, procurement processes, and adequate procedures to prevent any duplication of benefits as defined by section 312 of the Stafford Act. The grantee must also demonstrate that it can effectively manage the funds, ensure timely expenditure of funds, maintain a comprehensive Web site regarding all disaster recovery activities assisted with these funds, and ensure timely communication of application status to applicants for disaster recovery assistance. Grantees must also demonstrate adequate capacity to manage the funds and address any capacity needs. In order to demonstrate proficient controls, procedures, and management capacity, each grantee must submit the following Risk Analysis Documentation to the grantee's designated HUD representative within 30 days of the effective date of this notice, or with the grantee's submission of its action plan, whichever date is earlier.

1. *Financial Controls.* A grantee has in place proficient financial controls if each of the following criteria is satisfied:

- a. The grantee's most recent single audit and annual financial statement indicates that the grantee has no material weaknesses, deficiencies, or concerns that HUD considers to be relevant to the financial management of the CDBG program. If the single audit or annual financial statement identified weaknesses or deficiencies, the grantee must provide documentation showing how those weaknesses have been removed or are being addressed; and
- b. The grantee has assessed its financial standards and has completed

the HUD monitoring guide for financial standards (Pub. L. 114-113, Guide for Review of Financial Management (the Financial Management Guide)). The grantee's standards must conform to the requirements of the Financial Management Guide. The grantee must identify which sections of its financial standards address each of the questions in the guide and which personnel or unit are responsible for each item.

2. *Procurement.* A grantee has in place a proficient procurement process if:

- a. For local governments: The grantee will follow the specific applicable procurement standards identified in 2 CFR 200.318 through 200.326 (subject to 2 CFR 200.110, as applicable). The grantee must provide a copy of its procurement standards and indicate the sections of its procurement standards that incorporate these provisions. The procedures should also indicate which personnel or unit are responsible for each item; or

- b. For States: The grantee has adopted 2 CFR 200.318 through 200.326 (subject to 2 CFR 200.110, as applicable), or the effect of the grantee's procurement process/standards are equivalent to the effect of procurements under 2 CFR 200.318 through 200.326, meaning that the process/standards operate in a manner providing fair and open competition. The grantee must provide its procurement standards and indicate how the sections of its procurement standards align with the provisions of 2 CFR 200.318 through 200.326, so that HUD may evaluate the overall effect of the grantee's procurement standards. The procedures should also indicate which personnel or unit are responsible for the task. Guidance on the procurement rules applicable to States is provided in paragraph A.22, section VI, of this notice.

3. *Duplication of benefits.* A grantee has adequate procedures to prevent the duplication of benefits when it provides HUD a uniform prevention of duplication of benefits procedure wherein the grantee identifies its processes for each of the following: (1) Verifying all sources of disaster assistance received by the grantee or applicant, as applicable; (2) determining an applicant's unmet need(s) before awarding assistance; and (3) ensuring beneficiaries agree to repay the assistance if they later receive other disaster assistance for the same purpose. Grantee procedures shall provide that prior to the award of assistance, the grantee will use the best, most recent available data from FEMA, the Small Business Administration (SBA), insurers, and other sources of funding to

prevent the duplication of benefits. The procedures should also indicate which personnel or unit is responsible for the task. Departmental guidance to assist in preventing a duplication of benefits is provided in a notice published in the **Federal Register** at 76 FR 71060 (November 16, 2011) and in paragraph A.21, section VI, of this notice.

4. *Timely expenditures.* A grantee has adequate procedures to determine timely expenditures if a grantee provides procedures to HUD that indicate how the grantee will track expenditures each month, how it will monitor expenditures of its recipients, how it will reprogram funds in a timely manner for activities that are stalled, and how it will project expenditures to provide for the expenditure of all CDBG-DR funds within the period provided for in paragraph A.24 of section VI of this notice. The procedures should also indicate which personnel or unit is responsible for the task.

5. *Management of funds.* A grantee has adequate procedures to effectively manage funds if its procedures indicate how the grantee will verify the accuracy of information provided by applicants; if it provides a monitoring policy indicating how and why monitoring is conducted, the frequency of monitoring, and which items are monitored; and if it demonstrates that it has an internal auditor and includes a document signed by the internal auditor that describes his or her role in detecting fraud, waste, and abuse.

6. *Comprehensive disaster recovery Web site.* A grantee has adequate procedures to maintain a comprehensive Web site regarding all disaster recovery activities if its procedures indicate that the grantee will have a separate page dedicated to its disaster recovery that will contain links to all action plans, action plan amendments, performance reports, citizen participation requirements, contracts and activity/program information for activities described in the action plan. The procedures should also indicate the frequency of Web site updates and which personnel or unit is responsible for the task.

7. *Timely information on application status.* A grantee has adequate procedures to inform applicants of the status of their applications for recovery assistance, at all phases, if its procedures indicate methods for communication (i.e., Web site, telephone, case managers, letters, etc.), ensure the accessibility and privacy of individualized information for all applicants, indicate the frequency of applicant status updates and identify

which personnel or unit is responsible for the task.

8. *Preliminary Implementation Plan.* In order to assess risk as described in 2 CFR 200.205(b) and (c), the grantee will submit an implementation plan to the Department. The plan must describe the grantee's capacity to carry out the recovery and how it will address any capacity gaps. HUD will determine a plan is adequate to reduce risk if, at a minimum:

a. *Capacity Assessment.* The grantee has conducted an assessment of its capacity to carry out recovery efforts, and has developed a timeline with milestones describing when and how the grantee will address all capacity gaps that are identified.

b. *Staffing.* The plan shows that the grantee has assessed staff capacity and identified personnel that will be in place for purposes of case management in proportion to the applicant population; program managers who will be assigned responsibility for each primary recovery area (i.e., housing, economic revitalization, and infrastructure); and staff responsible for procurement/contract management, environmental compliance and compliance with applicable requirements, as well as staff responsible for monitoring and quality assurance, and financial management. An adequate plan will also provide for an internal audit function with responsible audit staff reporting independently to the chief officer or board of the governing body of any designated administering entity.

c. *Internal and Interagency Coordination.* The grantee's plan describes, in the plan, how it will ensure effective communication between different departments and divisions within the grantee's organizational structure that are involved in CDBG-DR-funded recovery efforts between its lead agency and subrecipients responsible for implementing the grantee's action plan, and with other local and regional planning efforts to ensure consistency.

d. *Technical Assistance.* The grantee's implementation plan describes its plan for the procurement and provision of technical assistance for any personnel that the grantee does not employ at the time of action plan submission, and to fill gaps in knowledge or technical expertise required for successful and timely recovery implementation where identified in the capacity assessment.

e. *Accountability.* The grantee's plan identifies the principal lead agency responsible for implementation of the jurisdiction's CDBG-DR award and indicates that the head of that agency

will report directly to the chief executive officer of the jurisdiction.

9. *Certification of Accuracy of Risk Analysis Documentation.* The grantee must submit a certification to the accuracy of its Risk Analysis Documentation submissions as required by section VI.E.44 of this notice.

Additionally, this notice requires grantees to submit to the Department a projection of expenditures and outcomes as part of its action plan for approval. Any subsequent changes, updates or revision of the projections will require the grantee to amend its action plan to reflect the new projections. This will enable HUD, the public, and the grantee to track planned versus actual performance. For more information on the projection requirements, see paragraph A.1.i of section VI of this notice.

In addition, grantees must enter expected completion dates for each activity in HUD's Disaster Recovery Grant Reporting (DRGR) system. When target dates are not met or are extended, grantees are required to explain the reason for the delay in the Quarterly Performance Report (QPR) activity narrative. For additional guidance on DRGR system reporting requirements, see paragraph A.2 under section VI of this notice. More information on the timely expenditure of funds is included in paragraphs A.24–27 under section VI of this notice.

Other reporting, procedural, and monitoring requirements are discussed under "Grant Administration" in section VI of this notice. The Department will institute risk analysis and on-site monitoring of grantee management to guide oversight of these funds.

#### IV. Authority To Grant Waivers

The Appropriations Act authorizes the Secretary to waive or specify alternative requirements for any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary, or use by the recipient, of these funds, except for requirements related to fair housing, nondiscrimination, labor standards, and the environment (including, but not limited to, requirements concerning lead-based paint). Waivers and alternative requirements are based upon a determination by the Secretary that good cause exists and that the waiver or alternative requirement is not inconsistent with the overall purposes of title 1 of the HCD Act. Regulatory waiver authority is also provided by 24 CFR 5.110, 91.600, and 570.5. Grantees

may request such waivers, as described in Section VI of this notice.

#### V. Overview of Grant Process

To begin expenditure of CDBG-DR funds, the following expedited steps are necessary:

- Grantee adopts citizen participation plan for disaster recovery in accordance with the requirements of paragraph A.3 of section VI of this notice.
- Grantee consults with stakeholders, including required consultation with affected, local governments and public housing authorities (as identified in section VI of this notice).

- Within 30 days of the effective date of this notice (or when the grantee submits its action plan, whichever is earlier), the grantee submits the required documentation in its Risk Analysis Documentation in order to demonstrate proficient controls, procedures, and management capacity, as described in section III of this notice.

- Grantee publishes its action plan for disaster recovery on the grantee's required disaster recovery Web site for no less than 14 calendar days to solicit public comment.

- Grantee responds to public comment and submits its action plan (which includes Standard Form 424 (SF-424) and certifications) to HUD no later than 90 days after the date of this notice.

- HUD expedites review (allotted 60 days from date of receipt) and approves the action plan according to criteria identified in this notice.

- HUD sends an action plan approval letter, grant conditions, and grant agreement to the grantee. If the action plan is not approved, a letter will be sent identifying its deficiencies; the grantee must then resubmit the action plan within 45 days of the notification letter.

- Grantee signs and returns the fully executed grant agreement.

- Grantee ensures that the final HUD-approved action plan is posted on its official Web site.

- HUD establishes the grantee's line of credit.

- Grantee requests and receives DRGR system access (if the grantee does not already have DRGR access).

- If it has not already done so, grantee enters the activities from its published action plan into the DRGR system and submits its DRGR action plan to HUD (funds can be drawn from the line of credit only for activities that are established in the DRGR system).

- The grantee may draw down funds from the line of credit after the Responsible Entity completes applicable environmental review(s) pursuant to 24

CPR part 58 and, as applicable, receives from HUD or the State an approved Request for Release of Funds and certification.

The grantee must begin to draw down funds no later than 180 days after the date of this notice.

#### VI. Applicable Rules, Statutes, Waivers, and Alternative Requirements

This section of the notice describes requirements imposed by the Appropriations Act, as well as applicable waivers and alternative requirements. For each waiver and alternative requirement, the Secretary has determined that good cause exists and the action remains consistent with the overall purpose of the HCD Act. The waivers and alternative requirements provide additional flexibility in program design and implementation to support full and swift recovery following the disasters, while also ensuring that statutory requirements are met. The following requirements apply only to the CDBG-DR funds appropriated in the Appropriations Act, and not to funds provided under the annual formula State or Entitlement CDBG programs, or those provided under any other component of the CDBG program, such as the Section 108 Loan Guarantee Program, or any prior CDBG-DR appropriation.

Grantees may request additional waivers and alternative requirements from the Department as needed to address specific needs related to their recovery activities. Except where noted, waivers and alternative requirements described below apply to all grantees under this notice. Under the requirements of the Appropriations Act, waivers and alternative requirements must be published in the **Federal Register** no later than 5 days before the effective date of such waiver.

Except as described in this notice, statutory and regulatory provisions governing the State CDBG program shall apply to any State receiving an allocation under this notice while statutory and regulatory provisions governing the Entitlement CDBG program shall apply to entitlement communities receiving an allocation. Applicable statutory provisions can be found at 42 U.S.C. 5301 et seq. Applicable State and Entitlement regulations can be found at 24 CFR part 570.

References to the action plan in these regulations shall refer to the action plan required by this notice. All references in this notice pertaining to timelines and/or deadlines are in terms of calendar days unless otherwise noted. The date

of this notice shall mean the effective date of this notice unless otherwise noted.

#### A. Grant Administration

1. *Action Plan for Disaster Recovery waiver and alternative requirement.* Requirements for CDBG actions plans, located at 42 U.S.C. 12705(a)(2), 42 U.S.C. 5304(a)(1), 42 U.S.C. 5304(m), 42 U.S.C. 5306(d)(2)(C)(iii), 24 CFR 91.220, and 24 CFR 91.320, are waived for these disaster recovery grants. Instead, grantees must submit to HUD an action plan for disaster recovery. This streamlined plan will allow grantees to quickly implement disaster recovery programs while conforming to applicable requirements. During the course of the grant, HUD will monitor the grantee's actions and use of funds for consistency with the plan, as well as meeting the performance and timeliness objectives therein. The Secretary may disapprove an action plan as substantially incomplete if it is determined that the plan does not satisfy all of the required elements identified in this notice.

a. *Action Plan.* The action plan must identify the proposed use of all funds, including criteria for eligibility, and how the uses address long-term recovery needs. Funds dedicated for uses not described in accordance with paragraphs b or c under this section will not be obligated until the grantee submits, and HUD approves, an action plan amendment programming the use of those funds, at the necessary level of detail.

The action plan must contain:

1. An impact and unmet needs assessment. Each grantee must develop a needs assessment to understand the type and location of community needs to enable it to target limited resources to areas with the greatest need. Grantees receiving an award under this notice must conduct a needs assessment to inform the allocation of CDBG-DR resources. At a minimum, the needs assessment must evaluate three core aspects of recovery—housing (interim and permanent, owner and rental, single-family and multifamily, affordable and market rate, and housing to meet the needs of predisaster homeless persons), infrastructure, and the economy (e.g., estimated job losses). The assessment must also take into account the various forms of assistance available to, or likely to be available to, affected communities (e.g., projected FEMA funds) and individuals (e.g., estimated insurance) to ensure CDBG-DR funds meet needs that are not likely to be addressed by other sources of funds. Grantees must also assess

whether public services (i.e., job training, mental health and general health services) are necessary to complement activities intended to address housing and economic revitalization needs. The assessment must use the most recent available data and cite data sources. CDBG-DR funds may be used to develop the action plan, including the needs assessment, environmental review, and citizen participation requirements.

Impacts should be described geographically by type at the lowest level practicable (e.g., county level or lower if available for States, and neighborhood or census tract level for cities). Grantees should use the most recent available data and estimate the portion of need likely to be addressed by insurance proceeds, other Federal assistance, or any other funding source (thus producing an estimate of unmet need). In addition, a needs assessment must take into account the costs of incorporating mitigation and resilience measures to protect against future hazards, including the anticipated effects of climate change on those hazards. HUD has developed a Disaster Impact and Unmet Needs Assessment Kit to guide CDBG-DR grantees through a process for identifying and prioritizing critical unmet needs for long-term community recovery, and it is available on the HUD Exchange Web site at [https://www.hudexchange.info/resources/documents/Disaster\\_Recovery\\_Disaster\\_Impact\\_Needs\\_Assessment\\_Kit.pdf](https://www.hudexchange.info/resources/documents/Disaster_Recovery_Disaster_Impact_Needs_Assessment_Kit.pdf).

Disaster recovery needs evolve over time and the needs assessment and action plan are expected to be amended as conditions change and additional needs are identified.

2. A description of the connection between identified unmet needs and the allocation of CDBG-DR resources by the grantee. Such description must demonstrate a reasonably proportionate allocation of resources relative to areas and categories (i.e., housing, economic revitalization, infrastructure) of greatest needs, including how the proposed allocation addressing the identified unmet needs of public housing, HUD-assisted housing, homeless facilities and other housing identified in paragraph 7 below.

3. A description of how the grantee plans to: (a) Adhere to the advanced elevation requirements established in paragraph A.28 of section VI of this notice; (b) promote sound, sustainable long-term recovery planning informed by a post-disaster evaluation of hazard risk, especially land-use decisions that reflect responsible flood plain management and take into account



continued sea level rise; and (c) coordinate with other local and regional planning efforts to ensure consistency. This information should be based on the history of FEMA flood mitigation efforts, and take into account projected increase in sea level and frequency and intensity of precipitation events, which is not considered in current FEMA maps and National Flood Insurance Program premiums.

4. A description of how the grantee will leverage CDBG-DR funds with funding provided by other Federal, State, local, private, and nonprofit sources to generate a more effective and comprehensive recovery. Examples of other Federal sources are those provided by HUD, FEMA (specifically the Public Assistance Program, Individual Assistance Program, and Hazard Mitigation Grant Program), SBA (specifically the Disaster Loans program), Economic Development Administration, USACE, and the U.S. Department of Agriculture. The grantee should seek to maximize the number of activities and the degree to which CDBG funds are leveraged. Grantees shall report on leveraged funds in the DRGR system.

5. A description of how the grantee will design and implement programs or activities with the goal of protecting people and property from harm, and a description of how construction methods used will emphasize high quality, durability, energy efficiency, sustainability, and mold resistance, including how it will support adoption and enforcement of modern building codes and mitigation of hazard risk, including possible sea level rise, high winds, storm surge, and flooding, where appropriate. The grantee must also describe how it will implement and ensure compliance with the Green Building standards required in paragraph A.28 of section VI of this notice. All rehabilitation, reconstruction, and new construction should be designed to incorporate principles of sustainability, including water and energy efficiency, resilience, and mitigating the impact of future disasters. Whenever feasible, grantees should follow best practices such as those provided by the U.S. Department of Energy's Guidelines for Home Energy Professionals—Professional Certifications and Standard Work Specifications. HUD also encourages grantees to implement green infrastructure policies to the extent practicable. Additional tools for green infrastructure are available at the Environmental Protection Agency's water Web site; Indoor AirPlus Web site; Healthy Indoor Environment Protocols

for Home Energy Upgrades Web site; and ENERGY STAR Web site: [www.epa.gov/greenbuilding](http://www.epa.gov/greenbuilding).

6. A description of the standards to be established for housing and small business rehabilitation contractors performing work in the jurisdiction and a mechanism for homeowners and small business owners to appeal rehabilitation contractor work. HUD strongly encourages the grantee to require a warranty period post-construction, with formal notification to homeowners and small business owners on a periodic basis (e.g., 6 months and one month prior to expiration date of the warranty).

7. Each grantee must include a description of how it will identify and address the rehabilitation (as defined at 24 CFR 570.202), reconstruction and replacement of the following types of housing affected by the disaster: Public housing (including administrative offices), HUD-assisted housing (defined at subparagraph 1 above), McKinney-Vento Homeless Assistance Act-funded shelters and housing for the homeless—including emergency shelters and transitional and permanent housing for the homeless, and private market units receiving project-based assistance or with tenants that participate in the Section 8 Housing Choice Voucher Program.

8. A description of how the grantee will encourage the provision of housing for all income groups that is resilient to natural hazards, including a description of the activities it plans to undertake to address: (a) The transitional housing, permanent supportive housing, and permanent housing needs of individuals and families (including subpopulations) that are homeless and at-risk of homelessness; (b) the prevention of low-income individuals and families with children (especially those with incomes below 30 percent of the area median) from becoming homeless; and (c) the special needs of persons who are not homeless but require supportive housing (e.g., elderly, persons with disabilities, persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, and public housing residents, as identified in 24 CFR 91.315(e) or 91.215(e) as applicable). Grantees must also assess how planning decisions may affect racial, ethnic, and low-income concentrations, and ways to promote the availability of affordable housing in low-poverty, nonminority areas where appropriate and in response to natural hazard-related impacts.

9. A description of how the grantee plans to minimize displacement of persons or entities, and assist any persons or entities displaced.

10. A description of how the grantee will handle program income, and the purpose(s) for which it may be used. Waivers and alternative requirements related to program income can be found in this notice at paragraphs A.2 and A.17 of section VI.

11. A description of monitoring standards and procedures that are sufficient to ensure program requirements, including an analysis for duplication of benefits, are met and that provide for continual quality assurance and adequate program oversight.

b. *Funds Awarded Directly to a State.* The action plan shall describe the method of distribution of funds to UGLGs and/or descriptions of specific programs or activities the State will carry out directly (see section VI.A.4 of this notice for the alternative requirement permitting States to carry out activities directly). The description must include:

1. How the needs assessment informed allocation determinations, including the rationale behind the decision(s) to provide funds to State-identified "most impacted and distressed" areas that were not defined by HUD as being "most impacted and distressed," if applicable.

2. The threshold factors and grant size limits that are to be applied.

3. The projected uses for the CDBG-DR funds, by responsible entity, activity, and geographic area, when the State carries out an activity directly.

4. For each proposed program and/or activity carried out directly, its respective CDBG activity eligibility category (or categories) as well as national objective(s).

5. How the method of distribution to local governments or programs/activities carried out directly will result in long-term recovery from specific impacts of the disaster.

6. When funds are allocated to UGLGs, all criteria used to distribute funds to local governments including the relative importance of each criterion.

7. When applications are solicited for programs carried out directly, all criteria used to select applications for funding, including the relative importance of each criterion.

c. *Funds awarded directly to a UGLG.* The UGLG shall describe specific programs and/or activities it will carry out. The action plan must describe:

1. How the needs assessment informed allocation determinations.

2. The threshold factors and grant size limits that are to be applied.

3. The projected uses for the CDBG-DR funds, by responsible entity, activity, and geographic area.

4. How the projected uses of the funds will meet CDBG eligibility criteria and a national objective.

5. How the projected uses of funds will result in long-term recovery from specific impacts of the disaster.

6. All criteria used to select applications, including the relative importance of each criterion.

*d. Clarification of disaster-related activities.* All CDBG-DR activities must clearly address an impact of the disaster for which funding was allocated. Given the standard CDBG requirements, this means each activity must: (1) Be CDBG-eligible (or receive a waiver), (2) meet a national objective, and (3) address a direct or indirect impact from the disaster in a Presidentially-declared county. A disaster-related impact can be addressed through any eligible CDBG activity. Additional details on disaster-related activities are provided under section VI, parts B through D. 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 Web site at <https://www.hudexchange.info/programs/cdbg-dr/toolkits/>.

1. *Housing.* Typical housing activities include new construction and rehabilitation of single-family or multifamily units. Most often, grantees use CDBG-DR funds to rehabilitate damaged homes and rental units. However, grantees may also fund new construction (see paragraph 28 of section VI of this notice) or rehabilitate units not damaged by the disaster if the activity clearly addresses a disaster-related impact and is located in a disaster-affected area. This impact can be demonstrated by 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.

*a. Prohibition on forced mortgage payoff.* In some instances, homeowners with an outstanding mortgage balance are required, under the terms of their loan agreement, to repay the balance of the mortgage loan prior to using assistance to rehabilitate or reconstruct their homes. CDBG-DR funds, however, may not be used for a forced mortgage payoff. The ineligibility of a forced mortgage payoff with CDBG-DR funds does not affect HUD's longstanding guidance that when other non-CDBG disaster assistance is taken by lenders for a forced mortgage payoff, those funds are not available to the homeowner and, therefore, do not constitute a duplication of benefits for

the purpose of housing rehabilitation or reconstruction.

*b. Housing Counseling Services.* HUD-approved housing counseling agencies play a critical role in helping communities recover from a disaster by providing helpful information about key housing programs and resources available to both renters and homeowners. Grantees are encouraged to coordinate with approved housing counseling services to ensure that such services are made available to both renters and homeowners. Additional information is available for South Carolina at <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=SC>, and for Texas at <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=TX>.

2. *Infrastructure.* Typical infrastructure activities include the repair, replacement, or relocation of damaged public facilities and improvements to include, but not be limited to, bridges, water treatment facilities, roads, and sewer and water lines. Grantees that use CDBG-DR funds to assist flood control structures (i.e., dams and levees) are prohibited from using CDBG-DR funds to enlarge a dam or levee beyond the original footprint of the structure that existed prior to the disaster event. Grantees that use CDBG-DR funds for levees and dams are required to: (1) Register and maintain entries regarding such structures with the U.S. Army Corps of Engineers National Levee Database or National Inventory of Dams; (2) ensure that the structure is admitted in the U.S. Army Corps of Engineers PL 84-99 Program (Levee Rehabilitation and Improvement Program); (3) ensure the structure is accredited under the FEMA National Flood Insurance Program; (4) upload into DRGR system the exact location of the structure and the area served and protected by the structure; and (5) maintain file documentation demonstrating that the grantee has conducted a risk assessment prior to funding the flood control structure and documentation that the investment includes risk reduction measures.

3. *Economic Revitalization.* For CDBG-DR purposes, economic revitalization may include any CDBG-DR eligible activity that demonstrably restores and improves some aspect of the local economy. The activity may 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. For additional guidance see <http://www.iedonline.org/web-pages/resources-publications/iedc-releases-new-disaster-recovery-publication/>.

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. Local and regional economic recoveries are typically driven by small businesses.

4. *Preparedness and Mitigation.* The Appropriations Act states that funds shall be used for recovering from a Presidentially declared major disaster and all assisted activities must respond to the impacts of the declared disaster. HUD strongly encourages grantees to incorporate preparedness and mitigation measures into the aforementioned rebuilding activities, which help to ensure that communities recover to be safer and stronger than prior to the disaster. Incorporation of these measures also reduces costs in recovering from future disasters. Mitigation measures that are not incorporated into those rebuilding activities must be a necessary expense related to disaster relief, long-term recovery, and restoration of infrastructure, housing, or economic revitalization that responds to the eligible disaster. Furthermore, the costs associated with these measures may not prevent the grantee from meeting unmet needs.

5. *Connection to the Disaster.* Grantees must maintain records about each activity funded, as described in the Recordkeeping section of this notice. In regard to physical losses, damage or rebuilding estimates are often the most effective tools for demonstrating the connection to the disaster. For economic or other nonphysical losses, post-disaster analyses or assessments may best document the relationship between the loss and the disaster.

Note that grantees are not limited in their recovery to returning to predisaster conditions. Rather, HUD encourages grantees to carry out activities in such a way that not only addresses the disaster-related impacts, but leaves communities sustainably positioned to meet the needs of their post-disaster population, economic, and environmental conditions.

*e. Clarity of Action Plan.* All grantees must include sufficient information so that all interested parties will be able to understand and comment on the action plan and, if applicable, be able to

prepare responsive applications to the grantee. The action plan (and subsequent Amendments) must include a single chart or table that illustrates, at the most practical level, how all funds are budgeted (e.g., by program, subgrantee, grantee-administered activity, or other category).

**f. Review and Approval of Action Plan.** For funds provided under the Appropriations Act, the action plan must be submitted to HUD (including SF-424 and certifications) within 90 days of the date of this notice. HUD will expedite its review of each action plan, taking no more than 60 days from the date of receipt to complete its review. The Secretary may disapprove an action plan as substantially incomplete if it is determined that the Plan does not meet the requirements of this notice.

**g. Obligation and expenditure of funds.** Once HUD approves the action plan, it will then issue a grant agreement obligating all funds to the grantee. In addition, HUD will establish the line of credit and the grantee will receive DRGR system access (if it does not already have DRGR system access). The grantee must also enter its action plan activities into the DRGR system in order to draw funds for those activities. The grantee may enter these activities into the DRGR system before or after submission of the action plan to HUD. Each activity must meet the applicable environmental requirements prior to the use of funds. After the Responsible Entity (usually the grantee) completes environmental review(s) pursuant to 24 CFR part 58 (as applicable) and receives from HUD or the State an approved Request for Release of Funds and certification (as applicable), the grantee may draw down funds from the line of credit for an activity. The disbursement of grant funds must begin no later than 180 days after the date of this notice.

**h. Amending the Action Plan.** As the grantee finalizes its long-term recovery goals, or as needs change through the recovery process, the grantee must amend its action plan to update its needs assessment, modify or create new activities, or reprogram funds, as necessary. Each amendment must be highlighted, or otherwise identified, within the context of the entire action plan. The beginning of every action plan amendment must include a section that identifies exactly what content is being added, deleted, or changed. This section must also include a chart or table that clearly illustrates where funds are coming from and where they are moving to. The action plan must include a revised budget allocation table that reflects the entirety of all funds, as amended. A grantee's most recent

version of its entire action plan must be accessible for viewing as a single document at any given point in time, rather than the public or HUD having to view and cross-reference changes among multiple amendments.

**i. Projection of expenditures and outcomes.** Each grantee must amend its published action plan to project expenditures and outcomes within 90 days of action plan approval. The projections must be based on each quarter's expected performance—beginning with the quarter funds are available to the grantee and continuing each quarter until all funds are expended. The published action plan must be amended to accommodate any subsequent changes, updates or revision of the projections. Guidance on the preparation of projection is available on the HUD Web site. The projections will enable HUD, the public, and the grantee to track proposed versus actual performance.

**2. HUD performance review authorities and grantee reporting requirements in the Disaster Recovery Grant Reporting (DRGR) System.**

**a. Performance review authorities.** 42 U.S.C. 5304(e) requires that the Secretary shall, at least on an annual basis, make such reviews and audits as may be necessary or appropriate to determine whether the grantee has carried out its activities in a timely manner, whether the grantee's activities and certifications are carried out in accordance with the requirements and the primary objectives of the HCD Act and other applicable laws, and whether the grantee has the continuing capacity to carry out those activities in a timely manner.

This notice waives the requirements for submission of a performance report pursuant to 42 U.S.C. 12708 and 24 CFR 91.520. Alternatively, HUD is requiring that grantees enter information in the DRGR system in sufficient detail to permit the Department's review of grantee performance on a quarterly basis through the Quarterly Performance Report (QPR) and to enable remote review of grantee data to allow HUD to assess compliance and risk. HUD-issued general and appropriation-specific guidance for DRGR reporting requirements can be found on the HUD exchange at <https://www.hudexchange.info/programs/drgr/>.

**b. DRGR Action Plan.** Each grantee must enter its action plan for disaster recovery, including performance measures, into HUD's DRGR system. As more detailed information about uses of funds is identified by the grantee, it must be entered into the DRGR system at a level of detail that is sufficient to

serve as the basis for acceptable performance reports and permit HUD review of compliance requirements.

The action plan must also be entered into the DRGR system so that the grantee is able to draw its CDBG-DR funds. The grantee may enter activities into the DRGR system before or after submission of the action plan to HUD. 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 the activity.

All funds programmed or budgeted at a general level in the DRGR system will be restricted from access on the grantee's line of credit. Once the general uses are described in an amended action plan, at the necessary level of detail, the funds will be released by HUD and made available for use.

Each activity entered into the DRGR system 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) or are based on an area of service (e.g., Community A). If a grantee describes just one program within a broader category (e.g., single family rehabilitation), that program is entered as a project in the DRGR system. Further, the budget of the program would be identified as the project's budget. 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 system, rather than activity groupings. Activities are added to MOD projects as subgrantees and subrecipients decide which specific CDBG-DR programs and projects will be funded.

**c. Tracking oversight activities in the DRGR system; use of DRGR data for HUD review and dissemination.** Each grantee must also enter into the DRGR system summary information on monitoring visits and reports, audits, and technical assistance it conducts as part of its oversight of its disaster recovery programs. The grantee's QPR will include a summary indicating the number of grantee oversight visits and reports (see subparagraph e for more information on the QPR). HUD will use data entered into the DRGR action plan and the QPR, 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: (1) Monitor for anomalies or performance problems that suggest fraud, abuse of funds, and duplication of benefits; (2) reconcile budgets,

obligations, funding draws, and expenditures; (3) calculate expenditures to determine compliance with administrative and public service caps and the overall percentage of funds that benefit low- and moderate-income persons; and (4) analyze the risk of grantee programs to determine priorities for the Department's monitoring.

d. *Tracking program income in the DRGR system.* Grantees must use the DRGR system to draw grant funds for each activity. Grantees must also use the DRGR system to track program income receipts, disbursements, and revolving loan funds (if applicable). If a 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.

e. *DRGR system Quarterly Performance Report (QPR).* Each grantee must submit a QPR through the DRGR system no later than 30 days following the end of each calendar quarter. Within 3 days of submission to HUD, each QPR must be posted on the grantee's official Web site. In the event the QPR 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 QPR is due after the first full calendar year quarter after HUD enters the grant award into the DRGR system. For example, a grant award made in April requires a QPR to be submitted by October 30. QPRs 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 funding 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 QPR 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 name, activity, location, and national objective; funds budgeted, obligated, drawn down, and expended; the funding source and total amount of any non-CDRC-DR funds to be expended on each activity; beginning and actual completion dates of completed activities; achieved performance outcomes, 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. 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.

3. *Citizen participation waiver and alternative requirement.* To permit a more streamlined process, and ensure disaster recovery grants are awarded in a timely manner, provisions of 42 U.S.C. 5304(a)(2) and (3), 42 U.S.C. 12707, 24 CFR 570.486, 24 CFR 91.105(b) and (c), and 24 CFR 91.115(b) and (c), with respect to citizen participation requirements, are waived and replaced by the requirements below. The streamlined requirements do not mandate public hearings at a State, entitlement, or local government level, but do require providing a reasonable opportunity (at least 14 days) for citizen comment and ongoing citizen access to information about the use of grant funds. The streamlined citizen participation requirements for a grant administered under this notice are:

a. *Publication of the Action Plan, opportunity for public comment, and substantial amendment criteria.* Before the grantee adopts the action plan for this grant or any substantial amendment to this grant, the grantee will publish the proposed plan or amendment. The manner of publication must include prominent posting on the grantee's official Web site and must afford citizens, affected local governments, and other interested parties a reasonable opportunity to examine the plan or amendment's contents. The topic of disaster recovery should be navigable by citizens from the grantee (or relevant agency) homepage. Grantees are also encouraged to notify affected citizens through electronic mailings, press releases, statements by public officials, media advertisements, public service announcements, and/or contacts with neighborhood organizations.

Despite the expedited process, grantees are still responsible for ensuring that all citizens have equal access to information about the programs, including persons with disabilities and limited English proficiency (LEP). Each grantee must ensure that program information is available in the appropriate languages for the geographic area served by the

jurisdiction. This issue may be particularly applicable to States receiving an award under this notice. Unlike grantees in the regular State CDRC program, State grantees under this notice may make grants throughout the State, including to entitlement communities. For assistance in ensuring that this information is available to LEP populations, 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).

Subsequent to publication of the action plan, the grantee must provide a reasonable time frame (again, no less than 14 days) and method(s) (including electronic submission) for receiving comments on the plan or substantial amendment. In its action plan, each grantee must specify criteria for determining what changes in the grantee's plan constitute a substantial amendment to the plan. At a minimum, the following modifications will constitute a substantial amendment: A change in program benefit or eligibility criteria; the addition or deletion of an activity; or the allocation or reallocation of a monetary threshold specified by the grantee in their action plan. The grantee may substantially amend the action plan if it follows the same procedures required in this notice for the preparation and submission of an action plan for disaster recovery. Prior to submission of a substantial amendment, the grantee is encouraged to work with its HUD representative to ensure the proposed change is consistent with this notice, and all applicable regulations and Federal law.

b. *Nonsubstantial amendment.* The grantee must notify HUD, but is not required to undertake public comment, when it makes any plan amendment that is not substantial. HUD must be notified at least 5 business days before the amendment becomes effective. However, every amendment to the action plan (substantial and nonsubstantial) must be numbered sequentially and posted on the grantee's Web site. The Department will acknowledge receipt of the notification of nonsubstantial amendments via email within 5 business days. The grantee must define what constitutes a nonsubstantial amendment in its Citizen Participation Plan.

c. *Consideration of public comments.* The grantee must consider all comments, received orally or in writing, on the action plan or any substantial amendment. A summary of these



comments or views, and the grantee's response to each must be submitted to HUD with the action plan or substantial amendment.

d. *Availability and accessibility of the Action Plan.* The grantee must make the action plan, any substantial amendments, and all performance reports available to the public on its Web site and on request. In addition, the grantee must make these documents available in a form accessible to persons with disabilities and non-English-speaking persons. During the term of the grant, the grantee will provide citizens, affected local governments, and other interested parties with reasonable and timely access to information and records relating to the action plan and to the grantee's use of grant funds.

e. *Public Web site.* HUD is requiring grantees to maintain a public Web site that provides information accounting for how all grant funds are used and managed/administered, including links to all action plans, action plan amendments, performance reports, citizen participation requirements, and activity/program information for activities described in the action plan, including details of all contracts and ongoing procurement policies. To meet this requirement, each grantee must make the following items available on its Web site: (1) The action plan (including all amendments); each QPR (as created using the DRGR system); (2) procurement policies and procedures; (3) executed CDBG-DR contracts; and (4) status of services or goods currently being procured by the grantee (e.g., phase of the procurement, requirements for proposals, etc.).

f. *Application status.* HUD is requiring grantees to provide mediums of communication, such as Web sites or other means that provide individual applicants for recovery assistance with timely information on the status of their application, as provided for section III.7 of this notice.

g. *Citizen complaints.* The grantee will provide a timely written response to every citizen complaint. The response will be provided within 15 working days of the receipt of the complaint, if practicable.

4. *Direct grant administration and means of carrying out eligible activities—applicable to State grantees only.* Requirements at 42 U.S.C. 5306 are waived to the extent necessary to allow a State to use its disaster recovery grant allocation directly to carry out State-administered activities eligible under this notice, rather than distribute all funds to UGLGs. Pursuant to this waiver, the standard at section 570.480(c) and the provisions at 42

U.S.C. 5304(e)(2) will also include activities that the State carries out directly. Activities eligible under this notice may be carried out, subject to State law, by the State through its employees, through procurement contracts, or through assistance provided under agreements with subrecipients or recipients. State grantees continue to be responsible for civil rights, labor standards, and environmental protection requirements. Note that any city or county receiving a direct award from HUD under this notice will be subject to the standard CDBG entitlement program regulations and this waiver and alternative requirement is not applicable.

Activities made eligible under section 105(a)(15) of the HCD Act, as amended, whether the assistance is provided to such an entity from the State or from a UGLG, will follow the definition of a nonprofit under that section rather than the Entitlement program definition located in 24 CFR 570.204, even in such cases where the UGLG is an Entitlement jurisdiction.

5. *Consolidated Plan waiver.* HUD is temporarily waiving the requirement for consistency with the consolidated plan (requirements at 42 U.S.C. 12706, 24 CFR 91.325(a)(5), 24 CFR 91.225(a)(5), 24 CFR 91.325(b)(2), and 24 CFR 91.225(b)(3)), because the effects of a major disaster alter a grantee's priorities for meeting housing, employment, and infrastructure needs. In conjunction, 42 U.S.C. 5304(e), to the extent that it would require HUD to annually review grantee performance under the consistency criteria, is also waived. However, this waiver applies only until the grantee submits its next fall (3–5 year) consolidated plan, or for 24 months after the effective date of this notice, whichever is less. If the grantee is not scheduled to submit a new 3–5 year consolidated plan within the next 2 years, HUD expects each grantee to update its existing 3–5 year consolidated plan to reflect disaster-related needs no later than 24 months after the effective date of this notice. Additionally, grantees are encouraged to incorporate disaster-recovery needs into their consolidated plan updates as soon as practicable, any unmet disaster-related needs and associated priorities must be incorporated into the grantee's next consolidated plan update no later than its Fiscal Year 2017 update. HUD has issued guidance for incorporating CDBG-DR funds into consolidated plans in the eCon Planning Suite. This guidance is on the HUD Exchange at [https://www.hudexchange.info/resource/4400/updating-the-consolidated-plan-to-reflect-disaster-](https://www.hudexchange.info/resource/4400/updating-the-consolidated-plan-to-reflect-disaster-recovery-needs-and-associated-priorities/)

*recovery-needs-and-associated-priorities/*. This waiver does not affect the requirements of HUD's July 16, 2015, final rule on Affirmatively Furthering Fair Housing (80 FR 42272), which requires grantees to complete an Assessment of Fair Housing in accordance with the requirements of 24 CFR 5.160.

6. *Requirement for consultation during plan preparation.* Currently, the statute and regulations require States to consult with affected UGLGs in nonentitlement areas of the State in determining the State's proposed method of distribution. HUD is waiving 42 U.S.C. 5306(d)(2)(C)(iv), 42 U.S.C. 5306(d)(2)(D), 24 CFR 91.325(b), and 24 CFR 91.110, with the alternative requirement that any State receiving an allocation under this notice consult with all disaster-affected UGLGs (including any CDBG-entitlement communities and any local public housing authorities) in determining the use of funds. This ensures that State grantees sufficiently assess the recovery needs of all areas affected by the disaster. Additional guidance on consultation with local stakeholders can be found in publications such as *Equity in Building Resilience in Adaptation Planning*, produced by the National Association for the Advancement of Colored People.

Last, and consistent with the approach encouraged through the National Disaster Recovery Framework and National Preparedness Goal, all grantees must consult with States, tribes, UGLGs, Federal partners, nongovernmental organizations, the private sector, and other stakeholders and affected parties in the surrounding geographic area to ensure consistency of the action plan with applicable regional redevelopment plans. Grantees are encouraged to establish a recovery task force with representative members of each sector to advise the grantee on how its recovery activities can best contribute towards the goals of regional redevelopment plans.

7. *Overall benefit requirement.* The primary objective of the HCD Act is the "development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income" (42 U.S.C. 5301(c)). To carry out this objective, the statute requires that 70 percent of the aggregate of CDBG program funds be used to support activities benefiting low- and moderate-income persons. In some prior disasters, the Secretary has waived the requirements at 42 U.S.C. 5301(c), 42 U.S.C. 5304(b)(3)(A), 24 CFR

570.484, and 24 CFR 570.200(a)(3) that 70 percent of funds be used for activities that benefit low- and moderate-income persons and, instead, established a 50 percent overall low- and moderate-income benefit requirement for a CDBG-DR grant. To ensure, however, that maximum assistance is provided initially to low- and moderate-income persons, the 70 percent overall benefit requirement shall remain in effect for this allocation, subject to a waiver request by an individual grantee to authorize a lower overall benefit for their CDBG-DR grant. A grantee's waiver requests are to be submitted to the grantee's designated HUD representative.

Grantees may seek to reduce the overall benefit requirement below 70 percent of the total grant, but must submit a justification that, at a minimum: (a) identifies the planned activities that meet the needs of its low- and moderate-income population; (b) describes proposed activity(ies) and/or program(s) that will be affected by the alternative requirement, including their proposed location(s) and role(s) in the grantee's long-term disaster recovery plan; (c) describes how the activities/programs identified in (b) prevent the grantee from meeting the 70 percent requirement; and (d) demonstrates that low- and moderate-income persons' disaster-related needs have been sufficiently met and that the needs of non-low- and moderate-income persons or areas are disproportionately greater, and that the jurisdiction lacks other resources to serve them.

8. *Use of the "upper quartile" or "exception criteria" for low- and moderate-income area benefit activities.* Section 105(c)(2)(A) of the HCD Act generally provides that assisted activities designed to serve an area generally and clearly designed to meet identified needs of persons of low- and moderate-income in the area, shall be considered to principally benefit persons of low- and moderate-income if the area served in a metropolitan city or urban county is within the highest quartile of all areas within the jurisdiction of such city or county in terms of the degree of concentration of persons of low and moderate income.

In some cases, HUD permits an exception to the low- and moderate-income area benefit requirement that an area contain at least 51 percent low- and moderate-income residents. This exception applies to entitlement communities that have few, if any, areas within their jurisdiction that have 51 percent or more low- and moderate-income residents. These communities are allowed to use a percentage less than

51 percent to qualify activities under the low- and moderate-income area benefit category. This exception is referred to as the "exception criteria" or the "upper quartile." A grantee qualifies for this exception when less than one quarter of the populated-block groups in its jurisdiction contain 51 percent or more low- and moderate-income persons. In such communities, activities must serve an area that contains a percentage of low- and moderate-income residents that is within the upper quartile of all census-block groups within its jurisdiction in terms of the degree of concentration of low- and moderate-income residents. HUD assesses each grantee's census-block groups to determine whether a grantee qualifies to use this exception and identifies the alternative percentage the grantee may use instead of 51 percent for the purpose of qualifying activities under the low- and moderate-income area benefit. HUD determines the lowest proportion a grantee may use to qualify an area for this purpose and advises the grantee, accordingly. Disaster recovery grantees are required to use the most recent data available in implementing the exception criteria. The "exception criteria" apply to disaster recovery activities funded pursuant to this notice in jurisdictions covered by such criteria, including jurisdictions that receive disaster recovery funds from a State.

9. *Grant administration responsibilities and general administration cap.*

a. *Grantee responsibilities.* Each grantee shall administer its award directly, in compliance with all applicable laws and regulations. Each grantee shall be financially accountable for the use of all funds provided in this notice.

b. *General administration cap.* For all grantees under this notice, the annual CDBG program administration requirements must be modified to be consistent with the Appropriations Act, which allows up to 5 percent of the grant (plus program income) to be used for administrative costs, by the grantee, by entities designated by the grantee, by UGLs, or by subrecipients. Thus, the total of all costs classified as administrative must be less than or equal to the 5 percent cap.

(1) *Combined technical assistance and administrative expenditures cap for States only.* For State grantees under this notice, the provisions of 42 U.S.C. 5306(d) and 24 CFR 570.489(a)(1)(i) and (iii) will not apply to the extent that they cap administration and technical assistance expenditures, limit a State's ability to charge a nominal application fee for grant applications for activities

the State carries out directly, and require a dollar-for-dollar match of State funds for administrative costs exceeding \$100,000, 42 U.S.C. 5306(d)(5) and (6) are waived and replaced with the alternative requirement that the aggregate total for administrative and technical assistance expenditures must not exceed 5 percent of the grant, plus program income. States remain limited to spending a maximum of 20 percent of their total grant amount on a combination of planning and program administration costs. Planning costs subject to the 20 percent cap are those defined in 42 U.S.C. 5305(a)(12). As a reminder, grantees may use CDBG-DR funds to develop a disaster recovery and response plan that addresses pre- and post-disaster hazard mitigation, if one does not currently exist (in accordance with paragraph (A)(1)(d)(4) of section VI of this notice).

(2) *Administrative expenditures cap for local governments.* Any city or county (UGLG) receiving a direct award under this notice is also subject to the 5 percent administrative cap. This 5 percent applies to all administrative costs—whether incurred by the grantee or its subrecipients. However, cities or counties receiving a direct allocation under this notice also remain limited to spending 20 percent of their total allocation on a combination of planning and program administration costs.

10. *Planning-only activities—applicable to State grantees only.* The annual State CDBG program requires that local government grant recipients for planning-only grants must document that the use of funds meets a national objective. In the State CDBG program, these planning grants are typically used for individual project plans. By contrast, planning activities carried out by entitlement communities are more likely to include non-project-specific plans such as functional land-use plans, master plans, historic preservation plans, comprehensive plans, community recovery plans, development of housing codes, zoning ordinances, and neighborhood plans. These plans may guide long-term community development efforts comprising multiple activities funded by multiple sources. In the entitlement program, these more general planning activities are presumed to meet a national objective under the requirements at 24 CFR 570.208(d)(4).

The Department notes that almost all effective CDBG disaster recoveries in the past have relied on some form of areawide or comprehensive planning activity to guide overall redevelopment independent of the ultimate source of implementation funds. Therefore, for

State grantees receiving an award under this notice, the Department is waiving the requirements at 24 CFR 570.483(b)(5) or (c)(3), which limit the circumstances under which the planning activity can meet a low- and moderate-income or slam-and-blight national objective. 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 Appropriations Act. In addition, the types of planning activities that States may fund or undertake are expanded to be consistent with those of entitlement communities identified at 24 CFR 570.203.

Grantees are therefore strongly encouraged to use their planning funds to create pre-disaster plans for long-term recovery. Plans should include an assessment of natural hazard risks, including risks expected to increase due to climate change, to low- and moderate-income residents based on an analysis of data and findings in (1) the National Climate Assessment (NCA),<sup>1</sup> the U.S. Climate Resilience Toolkit,<sup>2</sup> The Impact of Climate Change and Population Growth on the National Flood Insurance Program Through 2100,<sup>3</sup> or the Community Resilience Planning Guide for Buildings and Infrastructure Systems prepared by the National Institute of Standards and Technology (NIST);<sup>4</sup> or (2) other climate risk related data published by the Federal Government, or other State or local government climate risk related data, including FEMA-approved hazard mitigation plans that incorporate climate change; and (3) other climate risk data identified by the jurisdiction. For additional guidance also see: The Coastal Hazards Center's State Disaster Recovery Planning Guide<sup>5</sup> and FEMA's Guide on Effective Coordination of Recovery Resources for State, Tribal, Territorial and Local Incidents.<sup>6</sup>

11. *Use of the urgent need national objective.* The CDBG certification requirements for documentation of urgent need, located at 24 CFR 570.208(c) and 24 CFR 570.483(d), are waived for the grants under this notice

until 24 months after HUD first obligates funds to the grantees. In the context of disaster recovery, these standard requirements may impede recovery. Since the Department only provides CDBG-DR awards to grantees with documented disaster-related impacts and each grantee is limited to spending funds only in the most impacted and distressed areas, the following streamlined alternative requirement recognizes the urgency in addressing serious threats to community welfare following a major disaster.

Grantees need not issue formal certification statements to qualify an activity as meeting the urgent need national objective. Instead, each grantee receiving a direct award under this notice must document how all programs and/or activities funded under the urgent need national objective respond to a disaster-related impact identified by the grantee. For each activity that will meet an urgent need national objective, grantees must reference in their action plan needs assessment the type, scale, and location of the disaster-related impacts that each program and/or activity is addressing.

Grantees should still be mindful to use the low- and moderate-income person benefit national objective for all activities that qualify under the criteria for that national objective. At least 70 percent of the entire CDBG-DR grant award must be used for activities that benefit low- and moderate-income persons (see section VI.A.7 of this notice for overall benefit requirement and instructions for seeking an alternative requirement to the 70-percent rule).

12. *Waiver and alternative requirement for distribution to CDBG metropolitan cities and urban counties—applicable to State grantees only.* Section 5302(a)(7) of title 42 U.S.C. (definition of "nonentitlement area") and provisions of 24 CFR part 570 that would prohibit a State from distributing CDBG funds to entitlement communities and tribes under the CDBG program, are waived, including 24 CFR 570.480(a). Instead, the State may distribute funds to units of local government and tribes.

13. *Use of subrecipients—applicable to State grantees only.* The State CDBG program rule does not make specific provision for the treatment of entities that the CDBG Entitlement program calls "subrecipients." The waiver allowing the State to directly carry out activities creates a situation in which the State may use subrecipients to carry out activities in a manner similar to an entitlement community. Therefore, for States taking advantage of the waiver to carry out activities directly, the

requirements at 24 CFR 570.502, 570.503, and 570.500(c) apply.

14. *Recordkeeping.*

a. *State grantees.* When a State carries out activities directly, 24 CFR 570.490(b) is waived and the following alternative provision shall apply: The State shall establish and maintain such records as may be necessary to facilitate review and audit by HUD of the State's administration of CDBG-DR funds, under 24 CFR 570.493. Consistent with applicable statutes, regulations, waivers and alternative requirements, and other Federal requirements, the content of records maintained by the State shall be sufficient to: (1) Enable HUD to make the applicable determinations described at 24 CFR 570.493; (2) make compliance determinations for activities carried out directly by the State; and (3) show how activities funded are consistent with the descriptions of activities proposed for funding in the action plan and/or DRGR system. For fair housing and equal opportunity purposes, and as applicable, such records shall include data on the racial, ethnic, and gender characteristics of persons who are applicants for, participants in, or beneficiaries of the program.

b. *UGLG grantees.* UGLGs remain subject to the recordkeeping requirements of 24 CFR 570.506.

15. *Change of use of real property—applicable to State grantees only.* This waiver conforms to the change of use of real property rule to the waiver allowing a State to carry out activities directly. For purposes of this program, all references to "unit of general local government" in 24 CFR 570.489(j), shall be read as "unit of general local government (UGLG) or State."

16. *Responsibility for review and handling of noncompliance—applicable to State grantees only.* This change is in conformance with the waiver allowing the State to carry out activities directly. 24 CFR 570.492 is waived and the following alternative requirement applies for any State receiving a direct award under this notice: The State shall make reviews and audits, including on-site reviews of any subrecipients, designated public agencies, and UGLGs, as may be necessary or appropriate to meet the requirements of section 104(e)(2) of the HCD Act, as amended, as modified by this notice. In the case of noncompliance with these requirements, the State shall take such actions as may be appropriate to prevent a continuance of the deficiency, mitigate any adverse effects or consequences, and prevent a recurrence. The State shall establish remedies for noncompliance by any designated

<sup>1</sup> See <http://www2014.globalchange.gov/highlights/mobility-highlights-overview>.

<sup>2</sup> See <http://toolkit.climate.gov>.

<sup>3</sup> See [http://www.ecclimative.uk.com/login/uploaded/resources/FEMA\\_NFIP\\_report.pdf](http://www.ecclimative.uk.com/login/uploaded/resources/FEMA_NFIP_report.pdf).

<sup>4</sup> See <http://www.nist.gov/ncsl/publications/SpecialPublications/NIST.SP.1197.pdf>.

<sup>5</sup> [http://www.coastalhazardscenter.org/docs/wp-content/uploads/2012/05/State-Disaster-Recovery-Planning-Guide\\_2012.pdf](http://www.coastalhazardscenter.org/docs/wp-content/uploads/2012/05/State-Disaster-Recovery-Planning-Guide_2012.pdf).

<sup>6</sup> <http://www.fema.gov/media-library/assets/documents/101940>.

subrecipients, public agencies, or UGLGs.

17. *Program income alternative requirement.* The Department is waiving applicable program income rules at 42 U.S.C. 5304(j), 24 CFR 570.500(a) and (b), 570.504, and 570.489(e) to the extent necessary to provide additional flexibility as described under this notice. The alternative requirements provide guidance regarding the use of program income received before and after grant close out and address revolving loan funds.

*a. Definition of program income.*

(1) For purposes of this subpart, "program income" is defined as gross income generated from the use of CDBG-DR funds, except as provided in subparagraph D of this paragraph, and received by a State, UGLG, tribe or a subrecipient of a State, UGLG, or tribe. When income is generated by an activity that is only partially assisted with CDBG-DR funds, the income shall be prorated to reflect the percentage of CDBG-DR funds used (e.g., a single loan supported by CDBG-DR funds and other funds; a single parcel of land purchased with CDBG funds and other funds). Program income includes, but is not limited to, the following:

(a) Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG-DR funds.

(b) Proceeds from the disposition of equipment purchased with CDBG-DR funds.

(c) Gross income from the use or rental of real or personal property acquired by a State, UGLG, or tribe or subrecipient of a State, UGLG, or tribe with CDBG-DR funds, less costs incidental to generation of the income (i.e., net income).

(d) Net income from the use or rental of real property owned by a State, UGLG, or tribe or subrecipient of a State, UGLG, or tribe, that was constructed or improved with CDBG-DR funds.

(e) Payments of principal and interest on loans made using CDBG-DR funds.

(f) Proceeds from the sale of loans made with CDBG-DR funds.

(g) Proceeds from the sale of obligations secured by loans made with CDBG-DR funds.

(h) Interest earned on program income pending disposition of the income, including interest earned on funds held in a revolving fund account.

(i) Funds collected through special assessments made against nonresidential properties and properties owned and occupied by households not of low- and moderate-income, where the special assessments are used to recover

all or part of the CDBG-DR portion of a public improvement.

(j) Gross income paid to a State, UGLG, or tribe, or paid to a subrecipient thereof, from the ownership interest in a for-profit entity in which the income is in return for the provision of CDBG-DR assistance.

(2) "Program income" does not include the following:

(a) The total amount of funds that is less than \$35,000 received in a single year and retained by a State, UGLG, tribe, or retained by a subrecipient thereof.

(b) Amounts generated by activities eligible under section 105(a)(15) of the HCD Act and carried out by an entity under the authority of section 105(a)(15) of the HCD Act.

b. *Retention of program income.* Per 24 CFR 570.504(c), a unit of government receiving a direct award under this notice may permit a subrecipient to retain program income. State grantees may permit a UGLG or tribe that receives or will receive program income to retain the program income, but are not required to do so.

c. *Program income—use, close out, and transfer.*

(1) Program income received (and retained, if applicable) before or after close out of the grant that generated the program income, and used to continue disaster recovery activities, is treated as additional disaster recovery CDBG funds subject to the requirements of this notice and must be used in accordance with the grantee's action plan for disaster recovery. To the maximum extent feasible, program income shall be used or distributed before additional withdrawals from the U.S. Treasury are made, except as provided in subparagraph D of this paragraph.

(2) In addition to the regulations dealing with program income found at 24 CFR 570.489(e) and 570.504, the following rules apply: A grantee may transfer program income before close out of the grant that generated the program income to its annual CDBG program. In addition, State grantees may transfer program income before close out to any annual CDBG-funded activities carried out by a UGLG or tribe within the State. Program income received by a grantee, or received and retained by a subgrantee, after close out of the grant that generated the program income, may also be transferred to a grantee's annual CDBG award. In all cases, any program income received that is not used to continue the disaster recovery activity will not be subject to the waivers and alternative requirements of this notice. Rather,

those funds will be subject to the grantee's regular CDBG program rules.

d. *Revolving loan funds.* UGLGs receiving a direct award under this notice, State grantees, and UGLGs or tribes (permitted by a State grantee) may establish revolving funds to carry out specific, identified activities. A revolving fund, for this purpose, is a separate fund (with a set of accounts that are independent of other program accounts) established to carry out specific activities. These activities generate payments, which will be used to support similar activities going forward. These payments to the revolving fund are program income and must be substantially disbursed from the revolving fund before additional grant funds are drawn from the U.S. Treasury for payments that could be funded from the revolving fund. Such program income is not required to be disbursed for nonrevolving fund activities.

State grantees may also establish a revolving fund to distribute funds to UGLGs or tribes to carry out specific, identified activities. The same requirements, outlined above, apply to this type of revolving loan fund. Note that no revolving fund established per this notice shall be directly funded or capitalized with CDBG-DR grant funds, pursuant to 24 CFR 570.489(f)(3).

18. *Reimbursement of disaster recovery expenses.* The provisions of 24 CFR 570.489(b) are applied to permit a State to reimburse itself for otherwise allowable costs incurred by itself or its recipients, subgrantees, or subrecipients (including public housing authorities (PHAs)) on or after the incident date of the covered disaster. A local government grantee is subject to the provisions of 24 CFR 570.200(h) but may reimburse itself or its subrecipients for otherwise allowable costs incurred on or after the incident date of the covered disaster. Section 570.200(h)(1)(i) will not apply to the extent that it requires preagreement activities to be included in a consolidated plan. The Department expects both State and local government grantees to include all preagreement activities in their action plans. The provisions at 24 CFR 570.200(h) and 570.489(h) apply to grantees reimbursing costs incurred by itself or its recipients or subrecipients prior to the execution of a grant agreement with HUD. Additionally, grantees are permitted to charge to grants the preaward and preapplication costs of homeowners, businesses, and other qualifying entities for eligible costs they have incurred in response to an eligible disaster covered under this notice.



However, a grantee may not charge such preaward or preapplication costs to grants if the preaward or preapplication action results in an adverse impact to the environment. Grantees are required to consult with the State Historic Preservation Officer, Fish and Wildlife Service and National Marine Fisheries Service, to obtain formal agreements for compliance with section 106 of the National Historic Preservation Act (54 U.S.C. 306108) and section 7 of the Endangered Species Act (16 U.S.C. 1536) when designing a reimbursement program.

19. *One-for-One Replacement Housing, Relocation, and Real Property Acquisition Requirements.* Activities and projects assisted by CDBG-DR are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. 4601 et seq.) ("URA") and section 104(d) of the HCD Act (42 U.S.C. 5304(d)) (Section 104(d)). The implementing regulations for the URA are at 49 CFR part 24. The regulations for Section 104(d) are at 24 CFR part 42, subpart C. For the purpose of promoting the availability of decent, safe, and sanitary housing, HUD is waiving the following URA and Section 104(d) requirements for grantees under this notice:

a. *One-for-one replacement.* One-for-one replacement requirements at section 104(d)(2)(A)(i) and (ii) and (d)(3) and 24 CFR 42.375 are waived in connection with funds allocated under this notice for lower-income dwelling units that are damaged by the disaster and not suitable for rehabilitation. The section 104(d) one-for-one replacement requirements generally apply to demolished or converted occupied and vacant occupiable lower-income dwelling units. This waiver exempts disaster-damaged units that meet the grantee's definition of "not suitable for rehabilitation" from the one-for-one replacement requirements. Before carrying out a program or activity that may be subject to the one-for-one replacement requirements, the grantee must define "not suitable for rehabilitation" in its action plan or in policies/procedures governing these programs and activities. Grantees with questions about the one-for-one replacement requirements are encouraged to contact the HUD regional relocation specialist responsible for their State.

HUD is waiving the one-for-one replacement requirements because they do not account for the large, sudden changes that a major disaster may cause to the local housing stock, population, or economy. Further, the requirement

may discourage grantees from converting or demolishing disaster-damaged housing when excessive costs would result from replacing all such units. Disaster-damaged housing structures that are not suitable for rehabilitation can pose a threat to public health and safety and to economic revitalization. Grantees should reassess post-disaster population and housing needs to determine the appropriate type and amount of lower-income dwelling units to rehabilitate and/or rebuild. Grantees should note, however, that the demolition and/or disposition of PHA-owned public housing units is covered by section 18 of the United States Housing Act of 1937, as amended, and 24 CFR part 970.

b. *Relocation assistance.* The section 104(d) relocation assistance requirements at section 104(d)(2)(A) and 24 CFR 42.350 are waived to the extent that they differ from the requirements of the URA and implementing regulations at 49 CFR part 24, as modified by this notice, for activities related to disaster recovery. Without this waiver, disparities exist in relocation assistance associated with activities typically funded by HUD and FEMA (e.g., buyouts and relocation). Both FEMA and CDBG funds are subject to the requirements of the URA; however, CDBG funds are subject to Section 104(d), while FEMA funds are not. The URA provides that a displaced person is eligible to receive a rental assistance payment that covers a period of 42 months. By contrast, Section 104(d) allows a lower-income displaced person to choose between the URA rental assistance payment and a rental assistance payment calculated over a period of 60 months. This waiver of the Section 104(d) requirements assures uniform and equitable treatment by setting the URA and its implementing regulations as the sole standard for relocation assistance under this notice.

c. *Arm's length voluntary purchase.* The requirements at 49 CFR 24.101(b)(2)(i) and (ii) are waived to the extent that they apply to an arm's length voluntary purchase carried out by a person who uses funds allocated under this notice and does not have the power of eminent domain, in connection with the purchase and occupancy of a principal residence by that person. Given the often large-scale acquisition needs of grantees, this waiver is necessary to reduce burdensome administrative requirements following a disaster. Grantees are reminded that any tenants occupying real property that is acquired through voluntary purchase may be eligible for relocation assistance.

d. *Rental assistance to a displaced person.* The requirements at sections 204(a) and 206 of the URA, 49 CFR 24.2(a)(6)(viii), 24.402(b)(2), and 24.404 are waived to the extent that they require the grantee to use 30 percent of a low-income, displaced person's household income in computing a rental assistance payment if the person had been paying rent in excess of 30 percent of household income without "demonstrable hardship" before the project. Thus, if a tenant has been paying rent in excess of 30 percent of household income without demonstrable hardship, using 30 percent of household income to calculate the rental assistance would not be required. Before carrying out a program activity in which the grantee provides rental assistance payments to displaced persons, the grantee must define "demonstrable hardship" in its action plan or in the policies and procedures governing these programs and activities. The grantee's definition of demonstrable hardship applies when implementing these alternative requirements.

e. *Tenant-based rental assistance.* The requirements of sections 204 and 205 of the URA, and 49 CFR 24.2(a)(6)(vii), 24.2(a)(6)(ix), and 24.402(b) are waived to the extent necessary to permit a grantee to meet all or a portion of a grantee's replacement housing financial assistance obligation to a displaced tenant by offering rental housing through a tenant-based rental assistance (TBRA) housing program subsidy (e.g., Section 8 rental voucher or certificate), provided that the tenant is provided referrals to comparable replacement dwellings in accordance with 49 CFR 24.204(a) where the owner is willing to participate in the TBRA program, and the period of authorized assistance is at least 42 months. Failure to grant this waiver would impede disaster recovery whenever TBRA program subsidies are available but funds for cash relocation assistance are limited.

f. *Moving expenses.* The requirements at section 202(b) of the URA and 49 CFR 24.302, which require that a grantee offer a displaced person the option to receive a fixed moving-cost payment based on the Federal Highway Administration's Fixed Residential Moving Cost Schedule instead of receiving payment for actual moving and related expenses, are waived. As an alternative, the grantee must establish and offer the person a "moving expense and relocation allowance" under a schedule of allowances that is reasonable for the jurisdiction and that takes into account the number of rooms in the displacement dwelling, whether

the person owns and must move the furniture, and, at a minimum, the kinds of expenses described in 49 CFR 24.301. Without this waiver and alternative requirement, disaster recovery may be impeded by requiring grantees to offer allowances that do not reflect current local labor and transportation costs. Persons displaced from a dwelling remain entitled to choose a payment for actual reasonable moving and related expenses if they find that approach preferable to the locally established "moving expense and dislocation allowance."

g. *Optional relocation policies.* The regulation at 24 CFR 570.606(d) is waived to the extent that it requires optional relocation policies to be established at the grantee or State recipient level. Unlike the regular CDBG program, States may carry out disaster recovery activities directly or through subrecipients. The regulation at 24 CFR 570.606(d) governing optional relocation policies does not account for this distinction. This waiver makes clear grantees, including subrecipients, receiving CDBG disaster funds may establish separate optional relocation policies. This waiver is intended to provide States with maximum flexibility in developing optional relocation policies with CDBG-DR funds.

20. *Environmental requirements.*

a. *Clarifying note on the process for environmental release of funds when a State carries out activities directly.* Usually, a State distributes CDBG funds to UGLs and takes on HUD's role in receiving environmental certifications from the grant recipients and approving releases of funds. For this grant, HUD will allow a State grantee to also carry out activities directly, in addition to distributing funds to subrecipients and/or subgrantees. Thus, per 24 CFR 58.4, when a State carries out activities directly, the State must submit the Certification and Request for Release of Funds to HUD for approval.

b. *Adoption of another agency's environmental review.* In accordance with the Appropriations Act, recipients of Federal funds that use such funds to supplement Federal assistance provided under sections 402, 403, 404, 406, 407, or 502 of the Stafford Act may adopt, without review or public comment, any environmental review, approval, or permit performed by a Federal agency, and such adoption shall satisfy the responsibilities of the recipient with respect to such environmental review, approval, or permit that is required by the HCD Act. The grantee must notify HUD in writing of its decision to adopt another agency's environmental review. The grantee must retain a copy of the

review in the grantee's environmental records.

c. *Unified Federal Review.* The Sandy Recovery Improvement Act was signed into law on January 29, 2013, and directed the Administration to "establish an expedited and unified interagency review process (UFR) to ensure compliance with environmental and historic requirements under Federal law relating to disaster recovery projects, in order to expedite the recovery process, consistent with applicable law." The process aims to coordinate environmental and historic preservation reviews to expedite planning and decisionmaking for disaster recovery projects. This can improve the Federal Government's assistance to States, local, and tribal governments; communities; families; and individual citizens as they recover from future presidentially declared disasters. Tools for the UFR process can be found at <http://www.fema.gov/unified-federal-environmental-and-historic-preservation-review-presidentially-declared-disasters>.

d. *Release of funds.* In accordance with the Appropriations Act, and notwithstanding 42 U.S.C. 5304(g)(2), the Secretary may, upon receipt of a Request for Release of Funds and Certification, immediately approve the release of funds for an activity or project assisted with allocations under this notice if the recipient has adopted an environmental review, approval, or permit under subparagraph b above, or the activity or project is categorically excluded from review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

e. *Historic preservation reviews.* To facilitate expedited historic preservation reviews under section 106 of the National Historic Preservation Act of 1966 (54 U.S.C. Section 306106), 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/Tribal Historic Preservation Officer to review CDBG-DR projects. For more information on qualified historic preservation professional standards see [https://www.nps.gov/history/local-law/arch\\_stnds\\_9.htm](https://www.nps.gov/history/local-law/arch_stnds_9.htm).

21. *Duplication of benefits.* Section 312 of the Stafford Act, as amended, generally prohibits any person, business concern, or other entity from receiving financial assistance with respect to any part of a loss resulting from a major disaster for which such person, business concern, or other entity has received financial assistance under any other program or from insurance or any other

source. To comply with this law and the limitation on the use of CDBG-DR funds under the Appropriations Act for necessary expenses, each grantee must ensure that each activity provides assistance to a person or entity only to the extent that the person or entity has a disaster recovery need that has not been fully met. Grantees are subject to the requirements of a separate notice explaining the duplication of benefit requirements (76 FR 71060, published November 16, 2011). As a reminder, and as noted in the November 16, 2011, notice, at section VI, paragraph B, CDBG-DR funds may not be used to pay down an SBA home or business loan. Additionally, this notice does not require households and businesses to apply for SBA assistance prior to applying for CDBG-DR assistance. However, CDBG-DR grantees may institute an SBA application requirement in order to target assistance to households and businesses with the greatest need.

22. *Procurement.*

a. *State grantees.* Per 24 CFR 570.489(d), a State must have fiscal and administrative requirements for expending and accounting for all funds. Additionally, States and State subgrantees (UGLs and subrecipients) shall follow requirements of 24 CFR 570.489(g). HUD is imposing a waiver and alternative requirement to require the State to establish requirements for procurement policies and procedures based on full and open competition for subrecipients in addition to UGLs.

The State can comply with the requirement under 24 CFR 570.489(g) to follow its procurement policies and procedures and establish procurement requirements for its UGLs and subrecipients in one of three ways (subject to 2 CFR 200.110, as applicable):

i. A State can follow its existing procurement policies and procedures and establish requirements for procurement policies and procedures for UGLs and subrecipients, based on full and open competition, that specify methods of procurement (e.g., small purchase, sealed bids/formal advertising, competitive proposals, and noncompetitive proposals) and their applicability;

ii. A State can adopt 2 CFR 200.317, which requires the State to follow the same policies and procedures it uses for procurements from its non-Federal funds and comply with 2 CFR 200.322 (procurement of recovered materials) and 2 CFR 200.326 (required contract provisions), but requires the State to make its subrecipients and UGLs

follow 2 CFR 200.318 through 200.326; or

iii. A State can adopt the provisions that apply to CDBG entitlement grantees (2 CFR 200.318 through 2 CFR 200.326) for itself and its subgrantees (subrecipients and UGLs).

b. *Direct grants to UGLs.* Any UGLs receiving a direct appropriation under today's notice is subject to procurement requirements in the Uniform Administrative Requirements at 2 CFR 200.318 through 200.326 (subject to 2 CFR 200.110, as applicable).

c. *Additional requirements related to procurement (States and local governments).* HUD may request periodic updates from grantees that employ contractors. A contractor is a third-party firm that the grantee acquires through a procurement process to perform specific functions, consistent with the procurement requirements in the CDBG program regulations; a subrecipient is not a contractor. For contractors employed to provide discrete services or deliverables only, HUD is establishing an additional alternative requirement to expand on existing provisions of 2 CFR 200.317 through 200.326 and 24 CFR 570.489(g) as follows: (1) Grantees are also required to ensure all contracts and agreements (with subrecipients, recipients, and contractors) clearly state the period of performance or date of completion. (2) Grantees must incorporate performance requirements and penalties into each procured contract or agreement. Contracts that describe work performed by general management consulting services need not adhere to this requirement. (3) Grantees may contract for administrative support but may not delegate or contract to any other party any inherently governmental responsibilities related to management of the funds, such as oversight, policy development, and financial management. HUD will respond to grantee requests for technical assistance on contracting and procurement processes.

23. *Public Web site.* HUD is requiring grantees to maintain a public Web site that provides information accounting for how all grant funds are used, and managed/administered, including details of all contracts and ongoing procurement policies. To meet this requirement, each grantee must make the following items available on its Web site: The Action Plan (including all amendments); each QPR (as created using the DRGR system); procurement policies and procedures; status of services or goods currently being procured by the grantee (e.g., phase of

the procurement, requirements for proposals, etc.) a copy of contracts the grantee has procured directly; and a summary of all procured contracts, including those procured by the grantee, recipients, or subrecipients. Grantees should post only those contracts subject to 24 CFR 85.36 or in accordance with the State's procurement policies. To assist grantees in preparing this summary, HUD has developed a template. The template can be accessed at: <https://www.onecpd.info/cdbg-dri/>. Grantees are required to use this template, and attach an updated version to the DRGR system each quarter as part of their QPR submissions. Updated summaries must also be posted quarterly on each grantee's Web site.

24. *Timely distribution of funds.* The provisions at 24 CFR 570.494 and 24 CFR 570.902 regarding timely distribution of funds are waived and replaced with alternative requirements under this notice. Grantees must expend 100 percent of their allocation of CDBG-DR funds on eligible activities within 6 years of HUD's execution of the grant agreement.

25. *Review of continuing capacity to carry out CDBG-funded activities in a timely manner.* If HUD determines that the grantee has not carried out its CDBG activities and certifications in accordance with the requirements in this notice, HUD will undertake a further review to determine whether or not the grantee has the continuing capacity to carry out its activities in a timely manner. In making the determination, the Department will consider the nature and extent of the recipient's performance deficiencies, types of corrective actions the recipient has undertaken, and the success or likely success of such actions, and apply the corrective and remedial actions specified in paragraph 26 of this notice.

26. *Corrective and remedial actions.* To ensure compliance with the requirements of the Appropriations Act and to effectively administer the CDBG-DR program in a manner that facilitates recovery, particularly the alternative requirements permitting States to act directly to carry out eligible activities, HUD is waiving 42 U.S.C. 5304(e) of the HCD Act to the extent necessary to establish the following alternative requirement: HUD may undertake corrective and remedial actions for States in accordance with the authorities applicable to entitlement grantees in subpart O (including corrective and remedial actions in 24 CFR 570.910, 570.911, and 570.913) or under subpart I of the CDBG regulations at 24 CFR part 570.

27. *Reduction, withdrawal, or adjustment of a grant, or other appropriate action.* Prior to a reduction, withdrawal, or adjustment of a CDBG-DR grant, or other actions taken pursuant to this section, the recipient shall be notified of the proposed action and be given an opportunity for an informal consultation.

Consistent with the procedures described in this notice, the Department may adjust, reduce, or withdraw the CDBG-DR grant or take other actions as appropriate, except for funds that have expended for eligible approved activities.

#### B. Housing and Related Floodplain Issues

28. *Housing-related eligibility waivers.* The broadening of eligible activities under the HCD Act is necessary following major disasters in which large numbers of affordable housing units have been damaged or destroyed, as is the case of the disasters eligible under this notice.

Therefore, 42 U.S.C. 5305(a)(24) is waived to the extent necessary to allow: (1) Homeownership assistance for households with up to 120 percent of the area median income and (2) down payment assistance for up to 100 percent of the down payment (42 U.S.C. 5305(a)(24)(D)). While homeownership assistance may be provided to households with up to 120 percent of the area median income, only those funds used to serve households with up to 80 percent of the area median income may qualify as meeting the low- and moderate-income person benefit national objective.

In addition, 42 U.S.C. 5305(a) is waived and alternative requirements adopted to the extent necessary to permit new housing construction, and to require the following construction standards on structures constructed or rehabilitated with CDBG-DR funds as part of activities eligible under 42 U.S.C. 5305(a). All references to "substantial damage" and "substantial improvement" shall be as defined in 44 CFR 59.1 unless otherwise noted:

a. *Green Building Standard for Replacement and New Construction of Residential Housing.* Grantees must meet the Green Building Standard in this subparagraph for: (i) All new construction of residential buildings and (ii) all replacement of substantially damaged residential buildings. Replacement of residential buildings may include reconstruction (i.e., demolishing and rebuilding a housing unit on the same lot in substantially the same manner) and may include changes to structural elements such as flooring

systems, columns, or load bearing interior or exterior walls.

b. *Meaning of Green Building Standard.* For purposes of this notice, the Green Building Standard means the grantee will require that all construction covered by subparagraph a, above, meet an industry-recognized standard that has achieved certification under at least one of the following programs: (i) ENERGY STAR (Certified Homes or Multifamily High-Rise), (ii) Enterprise Green Communities; (iii) LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development), (iv) ICC-700 National Green Building Standard, (v) EPA Indoor AirPlus (ENERGY STAR a prerequisite), or (vi) any other equivalent comprehensive green building program.

c. *Standards for rehabilitation of nonsubstantially damaged residential buildings.* For rehabilitation other than that described in subparagraph (a), above, grantees must follow the guidelines specified in the HUD CPD Green Building Retrofit Checklist, available at <https://www.hudexchange.info/resource/3684/guidance-on-the-cpd-green-building-checklist/>. Grantees must apply these guidelines to the extent applicable to 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, rehabilitation is required to use ENERGY STAR-labeled, WaterSense-labeled, or Federal Energy Management Program (FEMP)-designated products and appliances. For example, if the furnace, air conditioner, windows, and appliances are replaced, the replacements must be ENERGY STAR-labeled or FEMP-designated products; WaterSense-labeled products (e.g., faucets, toilets, showerheads) must be used when water products are replaced. Rehabilitated housing may also implement measures recommended in a Physical Condition Assessment (PCA) or Green Physical Needs Assessment (GPNA).

d. *Implementation of green building standards.* (i) For construction projects completed, under construction, or under contract prior to the date that assistance is approved for the project, the grantee is encouraged to apply the applicable standards to the extent feasible, but the Green Building Standard is not required; (ii) for specific required equipment or materials for which an ENERGY STAR- or WaterSense-labeled or FEMP-designated product does not exist, the requirement to use such products does not apply.

e. *Elevation standards for new construction, repair of substantial damage, or substantial improvement.* The following elevation standards apply to new construction, repair of substantial damage, or substantial improvement of structures located in an area delineated as a flood hazard area or equivalent in FEMA's data source identified in 24 CFR 55.2(b)(1). All structures, defined at 44 CFR 59.1, designed principally for residential use and located in the 1 percent annual (or 100-year) floodplain that receive assistance for new construction, repair of substantial damage, or substantial improvement, as defined at 24 CFR 55.2(b)(10), must be elevated with the lowest floor, including the basement, at least two feet above the 1 percent annual floodplain elevation. Residential structures with no dwelling units and no residents below two feet above the 1 percent annual floodplain, 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 the 1 percent annual floodplain. Applicable State, local, and tribal codes and standards for floodplain management that exceed these requirements, including elevation, setbacks, and cumulative substantial damage requirements, will be followed.

f. *Broadband infrastructure in housing.* Any new construction or substantial rehabilitation, as defined by 24 CFR 5.100, of a building with more than four rental units must include installation of broadband infrastructure, as this term is also defined in 24 CFR 5.100, except where the grantee documents that: (i) The location of the new construction or substantial rehabilitation makes installation of broadband infrastructure infeasible; (ii) the cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program or activity or in an undue financial burden; or (iii) the structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible.

g. *Resilient Home Construction Standard.* Grantees are strongly encouraged to incorporate a Resilient Home Construction Standard, meaning that all construction covered by subparagraph (a) meet an industry-recognized standard such as those set by the FORTIFIED Home™ Gold level for new construction of single-family, detached homes; and FORTIFIED Home™ Silver level for reconstruction of the roof, windows and doors; or FORTIFIED Home™ Bronze level for repair or reconstruction of the roof; or

any other equivalent comprehensive resilient or disaster resistant building program. Further, grantees are strongly encouraged to meet the FORTIFIED Home™ Bronze level standard for roof repair or reconstruction, for all construction covered under subparagraph c. FORTIFIED Home™ 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. Insurers can provide discounts for homeowner's insurance for properties certified as FORTIFIED. Property owners and grantees are encouraged to contact their insurance agent for current information on what discounts may be available. More information is also available at <https://disastersafety.org/fortified/fortified-home/>.

29. *Addressing Unmet Public Housing Needs.* The grantee must identify how it will address the rehabilitation, mitigation, and new construction needs of each disaster-impacted PHA within its jurisdiction, if applicable. The grantee must work directly with impacted PHAs in identifying necessary and reasonable costs and ensure that adequate funding from all available sources is dedicated to addressing the unmet needs of damaged public housing (e.g., FEMA, insurance, and funds available from HUD's Office of Public and Indian Housing). In the rehabilitation, reconstruction and replacement of public housing provided for in the action plan pursuant to paragraph A.1.a.7 of section VI of this notice, each grantee must identify funding to specifically address the unmet needs described in this subparagraph. Grantees are reminded that public housing is eligible for FEMA Public Assistance and must ensure that there is no duplication of benefits when using CDBG-DR funds to assist public housing. Information on the PHAs impacted by the disaster is available on the Department's Web site.

30. *Housing incentives in disaster-affected communities.* Incentive payments are generally offered in addition to other programs or funding (such as insurance), to encourage households to relocate in a suitable housing development or an area promoted by the community's comprehensive recovery plan. For example, a grantee may offer an incentive payment (possibly in addition to a buyout payment) for households that volunteer to relocate outside of floodplain or to a lower-risk area.

Therefore, 42 U.S.C. 5305(a) and associated regulations are waived to the



extent necessary to allow the provision of housing incentives. These grantees must maintain documentation, at least at a programmatic level, describing how the amount of assistance was determined to be necessary and reasonable, and the incentives must be in accordance with the grantee's approved action plan and published program design(s). This waiver does not permit a compensation program. If the grantee requires the incentives to be used for a particular purpose by the household receiving the assistance, then the eligible use for that activity will be that required use, not an incentive.

In undertaking a larger scale migration or relocation recovery effort that is intended to move households out of high-risk areas, grantees should consider how it can protect and sustain the impacted community and its assets. Grantees must also weigh the benefits and costs, including anticipated insurance costs, of redeveloping high-risk areas that were impacted by a disaster. Accordingly, grantees are prohibited from offering incentives to return households to disaster-impacted floodplains, unless the grantee can demonstrate to HUD how it will resettle such areas to mitigate against the risks of future disasters and the insurance costs of continued occupation of high-risk areas, through mechanisms that can reduce risks and insurance costs, such as new land use development plans, building codes or construction requirements, protective infrastructure development, or through restrictions on future disaster assistance to such properties.

31. *Limitation on emergency grant payments—interim mortgage assistance.* 42 U.S.C. 5305(a)(8) is modified to extend interim mortgage assistance to qualified individuals from 3 months to up to 20 months. Interim mortgage assistance is typically used in conjunction with a buyout program, or the rehabilitation or reconstruction of single-family housing, during which mortgage payments may be due but the home is uninhabitable. The time required for a household to complete the rebuilding process may often extend beyond 3 months, during which mortgage payments may be due but the home is uninhabitable. Thus, this interim assistance will be critical for many households facing financial hardship during this period. Grantees may use interim housing rehabilitation payments to expedite recovery assistance to homeowners, but must establish performance milestones for the rehabilitation that are to be met by the homeowner in order to receive such payments. A grantee using this

alternative requirement must document, in its policies and procedures, how it will determine the amount of assistance to be provided is necessary and reasonable.

32. *Acquisition of real property; flood and other buyouts.* Grantees under this notice are able to carry out property acquisition for a variety of purposes. However, the term "buyouts" as referenced in this notice refers to acquisition of properties located in a floodway or floodplain that is intended to reduce risk from future flooding or the acquisition of properties in Disaster Risk Reduction Areas as designated by the grantee. HUD is providing alternative requirements for consistency with the application of other Federal resources commonly used for this type of activity.

Grantees are encouraged to use buyouts strategically, as a means of acquiring contiguous parcels of land for uses compatible with open space, recreational, natural floodplain functions, other ecosystem restoration, or wetlands 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.

a. *Clarification of "Buyout" and "Real Property Acquisition" activities.* 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 (FMV). In most cases, a program that provides pre-disaster FMV to buyout applicants provides compensation at an amount greater than the post-disaster FMV. When the purchase price exceeds the current FMV, any CDBG-DR funds in excess of the FMV are considered assistance to the seller, thus making the seller a beneficiary of CDBG-DR assistance. If the seller receives assistance as part of the purchase price, this may have implications for duplication of benefits calculations or for demonstrating national objective criteria, as discussed below. However, a program that provides post-disaster FMV to buyout applicants merely provides the actual value of the property; thus, the seller is not considered a beneficiary of CDBG-DR assistance.

Regardless of purchase price, all buyout activities are a type of acquisition of real property (as permitted by section 105(a)(1) of the HCD Act). However, only acquisitions that meet the definition of a "buyout"

are subject to the post-acquisition land use restrictions imposed by the applicable prior notices. The key factor in determining whether the acquisition is a buyout is whether the intent of the purchase is to reduce risk from future flooding or to reduce the risk from the hazard that lead to the property's Disaster Risk Reduction Area designation. To conduct a buyout in a Disaster Risk Reduction Area, the grantee must establish criteria in its policies and procedures to designate the area subject to the buyout, pursuant to the following requirements: (1) The hazard must have been caused or exacerbated by the Presidentially declared disaster for which the grantee received its CDBG-DR allocation; (2) the hazard must be a predictable environmental threat to the safety and well-being of program beneficiaries, as evidenced by the best available data and science; and (3) the Disaster Risk Reduction Area must be clearly delineated so that HUD and the public may easily determine which properties are located within the designated area.

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 acquisitions are not acquired through a buyout program, the purchase price must be consistent with applicable uniform cost principles (and the pre-disaster FMV may not be used).

a. *Buyout requirements:*

1. Any property acquired, accepted, or from which a structure will be removed pursuant to the project will be dedicated and maintained in perpetuity for a use that is compatible with open space, recreational, or floodplain and wetlands management practices.

2. No new structure will be erected on property acquired, accepted, or from which a structure was removed under the acquisition or relocation program other than: (a) A public facility that is open on all sides and functionally related to a designated open space (*e.g.*, a park, campground, or outdoor recreation area); (b) a rest room; or (c) a flood control structure, provided that structure does not reduce valley storage, increase erosive velocities, or increase flood heights on the opposite bank, upstream, or downstream and that the local floodplain manager approves, in writing, before the commencement of the construction of the structure.

3. After receipt of the assistance, with respect to any property acquired, accepted, or from which a structure was removed under the acquisition or

relocation program, no subsequent application for additional disaster assistance for any purpose or to repair damage or make improvements of any sort will be made by the recipient to any Federal entity in perpetuity.

The entity acquiring the property may lease it to adjacent property owners or other parties for compatible uses in return for a maintenance agreement. Although Federal policy encourages leasing rather than selling such property, the property may also be sold. In all cases, a deed restriction or covenant running with the property must require that the buyout property be dedicated and maintained for compatible uses in perpetuity.

4. Grantees have the discretion to determine an appropriate valuation method (including the use of pre-flood value or post-flood value as a basis for property value). However, in using CDBG-DR funds for buyouts, the grantee must uniformly apply whichever valuation method it chooses.

5. All buyout activities must be classified using the "buyout" activity type in the DRGR system.

6. Any State grantee implementing a buyout program or activity must consult with affected UGLs.

7. When undertaking buyout activities, in order to demonstrate that a buyout meets the low- and moderate-income housing national objective, grantees must meet all requirements of the HCD Act and applicable regulatory criteria described below. Grantees are encouraged to consult with HUD prior to undertaking a buyout program with the intent of using the LMH national objective. Section 105(c)(3) of the HCD Act (42 U.S.C. 5305(c)(3)) provides that any assisted activity under this chapter that involves the acquisition or rehabilitation of property to provide housing shall be considered to benefit persons of low- and moderate-income only to the extent such housing will, upon completion, be occupied by such persons. In addition, the State CDBG regulations at 24 CFR 570.483(b)(3) and entitlement CDBG regulations at 24 CFR 570.208(a)(3) apply the LMH national objective to an eligible activity carried out for the purpose of providing or improving permanent residential structures that, upon completion, will be occupied by low- and moderate-income households. Therefore, a buyout program that merely pays homeowners to leave their existing homes does not result in a low- and moderate-income household occupying a residential structure and, thus, cannot meet the requirements of the LMH national objective. Buyout programs that assist low- and moderate-income persons can

be structured in one of the following ways: (a) The buyout program combines the acquisition of properties with another direct benefit—Low- and Moderate-Income housing activity, such as down payment assistance—that results in occupancy and otherwise meets the applicable LMH national objective criteria in 24 CFR part 570 (e.g., if the structure contains more than two dwelling units, at least 51 percent of the units must be occupied by low- and moderate-income households). (b) The program meets the low- and moderate income area benefit criteria to demonstrate national objective compliance, provided that the grantee can document that the properties acquired through buyouts will be used in a way that benefits all of the residents in a particular area where at least 51 percent of the residents are low- and moderate-income persons. When using the area benefit approach, grantees must define the service area based on the end use of the buyout properties. (c) The program meets the criteria for the low- and moderate-income limited clientele national objective, including the prohibition on the use of the limited clientele national objective when an activity's benefits are available to all residents of the area. A buyout program could meet the national objective criteria for the limited clientele national objective if it restricts buyout program eligibility to exclusively low- and moderate-income persons, and the buyout provides an actual benefit to the low- and moderate income sellers by providing pre-disaster valuation uniformly to those who participate in the program.

#### c. Redevelopment of acquired properties.

1. Properties purchased through a buyout program may not typically be redeveloped, with a few exceptions. (see subparagraph a.2 above).

2. Grantees may redevelop an acquired property if: (a) The property is not acquired through a buyout program and (b) the purchase price is based on the property's post-disaster value, consistent with applicable cost principles (the pre-disaster value may not be used). In addition to the purchase price, grantees may opt to provide relocation assistance to the owner of a property that will be redeveloped if the property is purchased by the grantee or subgrantee through voluntary acquisition, and the owner's need for additional assistance is documented.

3. In carrying out acquisition activities, grantees must ensure they are in compliance with their long-term redevelopment plans.

33. *Alternative requirement for housing rehabilitation—assistance for second homes.* The Department is instituting an alternative requirement to the rehabilitation provisions at 42 U.S.C. 5305(a) as follows: Properties that served as second homes at the time of the disaster, or following the disaster, are not eligible for rehabilitation assistance, residential incentives, or to participate in a CDBG-DR buyout program (as defined by this notice). "Second homes" are defined in IRS Publication 936 (mortgage interest deductions).

34. *Flood insurance.* Grantees, recipients, and subrecipients must implement procedures and mechanisms to ensure that assisted property owners comply with all flood insurance requirements, including the purchase and notification requirements described below, prior to providing assistance. For additional information, please consult with the field environmental officer in the local HUD field office or review the guidance on flood insurance requirements on HUD's Web site.

a. *Flood insurance purchase requirements.* HUD does not prohibit the use of CDBG-DR funds for existing residential buildings in a Special Flood Hazard Area (or 100-year floodplain). However, Federal, State, local, and tribal laws and regulations related to both flood insurance and floodplain management must be followed, as applicable. With respect to flood insurance, a HUD-assisted homeowner for a property located in a Special Flood Hazard Area must obtain and maintain flood insurance in the amount and duration prescribed by FEMA's National Flood Insurance Program. Section 102(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) mandates the purchase of flood insurance protection for any HUD-assisted property within a Special Flood Hazard Area. HUD also recommends the purchase of flood insurance outside of a Special Flood Hazard Area for properties that have been damaged by a flood, to better protect property owners from the economic risks of future floods and reduce dependence on Federal disaster assistance in the future, but this is not a requirement.

b. *Future Federal assistance to owners remaining in a floodplain.*

1. Section 582 of the National Flood Insurance Reform Act of 1994, as amended, (42 U.S.C. 5154a) prohibits flood disaster assistance in certain circumstances. In general, it provides that no Federal disaster relief assistance made available in a flood disaster area may be used to make a payment (including any loan assistance payment)

to a person for repair, replacement, or restoration for damage to any personal, residential, or commercial property if that person at any time has received Federal flood disaster assistance that was conditioned on the person first having obtained flood insurance under applicable Federal law and the person has subsequently failed to obtain and maintain flood insurance as required under applicable Federal law on such property. This means that a grantee may not provide disaster assistance for the repair, replacement, or restoration to a person who has failed to meet this requirement.

2. Section 582 also implies a responsibility for a grantee that receives CDBG-DR funds or that designates annually appropriated CDBG funds for disaster recovery. That responsibility is to inform property owners receiving disaster assistance that triggers the flood insurance purchase requirement that they have a statutory responsibility to notify any transferee of the requirement to obtain and maintain flood insurance, and that the transferring owner may be liable if he or she fails to do so. These requirements are enumerated at <http://uscode.house.gov/view.xhtml?req=granuleid:U.S.C.-prelim-title42-section5154a&num=0&edition=prelim>.

#### C. Infrastructure (Public Facilities, Public Improvements, Public Buildings)

35. *Buildings for the general conduct of government.* 42 U.S.C. 5305(a) is waived to the extent necessary to allow grantees to fund the rehabilitation or reconstruction of public buildings that are otherwise ineligible. HUD believes this waiver is consistent with the overall purposes of the HCD Act, and is necessary for many grantees to adequately address critical infrastructure needs created by the disaster.

36. *Elevation of Nonresidential Structures.* Nonresidential structures 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 the 1 percent annual floodplain. All Critical Actions, as defined at 24 CFR 55.2(b)(3), within the 0.2 percent annual floodplain (or 500-year) floodplain must be elevated or floodproofed (in accordance with the FEMA standards) to the higher of the 0.2 percent annual floodplain flood elevation or three feet above the 1 percent annual floodplain. If the 0.2 percent annual floodplain or elevation is unavailable for Critical Actions, and the structure is in the 1 percent annual floodplain, then the structure must be

elevated or floodproofed at least three feet above the 1 percent annual floodplain level. Applicable State, local, and tribal codes and standards for floodplain management that exceed these requirements, including elevation, setbacks, and cumulative substantial damage requirements, will be followed.

37. *Use of CDBG as Match.* Additionally, as provided by the HCD Act, funds may be used as a matching requirement, share, or contribution for any other Federal program when used to carry out an eligible CDBG-DR activity. This includes programs or activities administered by the Federal Emergency Management Agency (FEMA) or the U.S. Army Corps of Engineers (USACE). By law, the amount of CDBG-DR funds that may be contributed to a USACE project is \$250,000 or less. However, the Appropriations Act prohibits use of funds for any activity reimbursable by, or for which funds are made available by FEMA or USACE.

#### D. Economic Revitalization

38. *National Objective Documentation for Economic Revitalization Activities.* 24 CFR 570.483(b)(4)(i) and 570.208(a)(4)(i) are waived to allow the grantees under this notice to identify the low- and moderate-income jobs benefit by documenting, for each person employed, the name of the business, type of job, and the annual wages or salary of the job. HUD will consider the person income-qualified if the annual wages or salary of the job is at or under the HUD-established income limit for a one-person family. This method replaces the standard CDBG requirement—in which grantees must review the annual wages or salary of a job in comparison to the person's total household income and size (i.e., the number of persons). Thus, it streamlines the documentation process because it allows the collection of wage data for each position created or retained from the assisted businesses, rather than from each individual household.

This alternative requirement has been granted on several prior occasions to CDBG-DR grantees, and to date, those grants have not exhibited any issues of concern in calculating the benefit to low- and moderate-income persons.

39. *Public benefit for certain Economic Revitalization activities.* The public benefit provisions set standards for individual economic revitalization activities (such as a single loan to a business) and for economic revitalization activities in the aggregate. Currently, public benefit standards limit the amount of CDBG assistance per job retained or created, or the amount of CDBG assistance per low- and moderate-

income person to which goods or services are provided by the activity. These dollar thresholds were set two decades ago and can impede recovery by limiting the amount of assistance the grantee may provide to a critical activity.

This notice waives the public benefit standards at 42 U.S.C. 5305(e)(3), 24 CFR 570.482(f)(1), (f)(2), (f)(3), (f)(4)(i), (f)(5), and (f)(6), and 24 CFR 570.209(b)(1), (b)(2), (b)(3)(i), and (b)(4), for economic revitalization activities designed to create or retain jobs or businesses (including, but not limited to, long-term, short-term, and infrastructure projects). However, grantees shall report and maintain documentation on the creation and retention of total jobs; the number of jobs within certain salary ranges; the average amount of assistance provided per job, by activity or program; and the types of jobs. Paragraph (g) of 24 CFR 570.482, and 24 CFR 570.209(c), and (d) are also waived to the extent these provisions are related to public benefit.

40. *Clarifying note on Section 3 resident eligibility and documentation requirements.* The definition of "low-income persons" in 12 U.S.C. 1701u and 24 CFR 135.5 is the basis for eligibility as a section 3 resident. This notice authorizes grantees to determine that an individual is eligible to be considered a section 3 resident if the annual wages or salary of the person are at, or under, the HUD-established income limit for a one-person family for the jurisdiction. This authority does not impact other section 3 resident eligibility requirements in 24 CFR 135.5. All direct recipients of CDBG-DR funding must submit form HUD-60002 annually through the Section 3 Performance Evaluation and Registry System (SPEARS) which can be found on HUD's Web site.

41. *Waiver and modification of the job relocation clause to permit assistance to help a business return.* CDBG requirements prevent program participants from providing assistance to a business to relocate from one labor market area to another if the relocation is likely to result in a significant loss of jobs in the labor market from which the business moved. This prohibition can be a critical barrier to reestablishing and rebuilding a displaced employment base after a major disaster. Therefore, 42 U.S.C. 5305(h), 24 CFR 570.210, and 24 CFR 570.482 are waived to allow a grantee to provide assistance to any business that was operating in the disaster-declared labor market area before the incident date of the applicable disaster and has since moved, in whole or in part, from the affected area to another State or to a

labor market area within the same State to continue business.

42. *Prioritizing small businesses.* To target assistance to small businesses, the Department is instituting an alternative requirement to the provisions at 42 U.S.C. 5305(a) to require grantees to prioritize assisting businesses that meet the definition of a small business as defined by SBA at 13 CFR part 121 or, for businesses engaged in "farming operations" as defined at 7 CFR 1400.3, and that meet the United States Department of Agriculture Farm Service Agency (FSA), criteria that are described at 7 CFR 1400.500, which are used by the FSA to determine eligibility for certain assistance programs.

43. *Prohibiting assistance to private utilities.* Funds made available under this notice may not be used to assist a privately owned utility for any purpose.

#### *E. Certifications and Collection of Information*

44. *Certifications waiver and alternative requirement.* Sections 91.225 and 91.325 of title 24 of the Code of Federal Regulations are waived. Each State or UGLG receiving a direct allocation under this notice must make the following certifications with its action plan:

a. The grantee certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan in connection with any activity assisted with funding under the CDBG program.

b. The grantee certifies its compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by part 87.

c. The grantee certifies that the action plan for Disaster Recovery is authorized under State and local law (as applicable) and that the grantee, and any entity or entities designated by the grantee, and any contractor, subrecipient, or designated public agency carrying out an activity with CDBG-DR funds, possess(es) the legal authority to carry out the program for which it is seeking funding, in accordance with applicable HUD regulations and this notice. The grantee certifies that activities to be undertaken with funds under this notice are consistent with its action plan.

d. The grantee certifies that it will comply with the acquisition and relocation requirements of the URA, as amended, and implementing regulations at 49 CFR part 24, except where waivers or alternative requirements are provided for in this notice.

e. The grantee certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12

U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

f. The grantee certifies that it is following a detailed citizen participation plan that satisfies the requirements of 24 CFR 91.105 or 91.115, as applicable (except as provided for in notices providing waivers and alternative requirements for this grant). Also, each UGLG receiving assistance from a State grantee must follow a detailed citizen participation plan that satisfies the requirements of 24 CFR 570.486 (except as provided for in notices providing waivers and alternative requirements for this grant).

g. Each State receiving a direct award under this notice certifies that it has consulted with affected UGLGs in counties designated in covered major disaster declarations in the non-entitlement, entitlement, and tribal areas of the State in determining the uses of funds, including the method of distribution of funding, or activities carried out directly by the State.

h. The grantee certifies that it is complying with each of the following criteria:

1. Funds will be used solely 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 for which the President declared a major disaster in 2015 pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (42 U.S.C. 5121 *et seq.*) related to the consequences of Hurricane Joaquin and adjacent storm systems, Hurricane Patricia, and other flood events.

2. With respect to activities expected to be assisted with CDBG-DR funds, the action plan has been developed so as to give the maximum feasible priority to activities that will benefit low- and moderate-income families.

3. The aggregate use of CDBG-DR funds shall principally benefit low- and moderate-income families in a manner that ensures that at least 70 percent (or another percentage permitted by HUD in a waiver published in an applicable **Federal Register** notice) of the grant amount is expended for activities that benefit such persons.

4. The grantee will not attempt to recover any capital costs of public improvements assisted with CDBG-DR grant funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless: (a) Disaster recovery grant funds are used to pay the

proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than under this title; or (b) for purposes of assessing any amount against properties owned and occupied by persons of moderate income, the grantee certifies to the Secretary that it lacks sufficient CDBG funds (in any form) to comply with the requirements of clause (a).

i. The grantee certifies that the grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and the Fair Housing Act (42 U.S.C. 3601–3619) and implementing regulations, and that it will affirmatively further fair housing.

j. The grantee certifies that it has adopted and is enforcing the following policies, and, in addition, States receiving a direct award must certify that they will require UGLGs that receive grant funds to certify that they have adopted and are enforcing:

1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and

2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

k. Each State or UGLG receiving a direct award under this notice certifies that it (and any subrecipient or administering entity) currently has or will develop and maintain the capacity to carry out disaster recovery activities in a timely manner and that the grantee has reviewed the requirements of this notice and requirements of Public Law 114–113 applicable to funds allocated by this notice, and certifies to the accuracy of Risk Analysis Documentation submitted to demonstrate that it has in place proficient financial controls and procurement processes; that it has adequate procedures to prevent any duplication of benefits as defined by section 312 of the Stafford Act, to ensure timely expenditure of funds; that it has to maintain a comprehensive disaster recovery Web site to ensure timely communication of application status to applicants for disaster recovery assistance, and that its implementation plan accurately describes its current capacity and how it will address any capacity gaps.

l. The grantee certifies that it will not use CDBG-DR funds for any activity in an area identified as flood prone for land use or hazard mitigation planning



purposes by the State, local, or tribal government or delineated as a Special Flood Hazard Area in FEMA's most current flood advisory maps, unless it also ensures that the action is designed or modified to minimize harm to or within the floodplain, in accordance with Executive Order 11988 and 24 CFR part 55. The relevant data source for this provision is the State, local, and tribal government land use regulations and hazard mitigation plans and the latest-issued FEMA data or guidance, which includes advisory data (such as Advisory Base Flood Elevations) or preliminary and final Flood Insurance Rate Maps.

m. The grantee certifies that its activities concerning lead-based paint will comply with the requirements of 24 CFR part 35, subparts A, B, J, K, and R.

n. The grantee certifies that it will comply with applicable laws.

#### VII. Duration of Funding

The Appropriations Act directs that these funds be available until expended. However, in accordance with 31 U.S.C. 1555, HUD shall close the appropriation account and cancel any remaining obligated or unobligated balance if the Secretary or the President determines that the purposes for which the appropriation has been made have been carried out and no disbursements have been made against the appropriation for 2 consecutive fiscal years. In such case, the funds shall not be available for obligation or expenditure for any purpose after the account is closed.

#### VIII. Catalog of Federal Domestic Assistance

The Catalog of Federal Domestic Assistance numbers for the disaster recovery grants under this notice are as follows: 14.218; 14.228.

#### IX. Finding of No Significant Impact

A Finding of No Significant Impact (FONSI) with respect to the environment has been made in accordance with HUD regulations at 24 CFR part 50, which implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). The FONSI is available for public inspection between 8 a.m. and 5 p.m. weekdays in the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street SW., Room 10276, Washington, DC 20410-0500. Due to security measures at the HUD Headquarters building, an advance appointment to review the docket file must be scheduled by calling the Regulations Division at 202-708-3055 (this is not a toll-free number). Hearing-

or speech-impaired individuals may access this number through TTY by calling the Federal Relay Service at 800-877-8339 (this is a toll-free number).

Dated: June 8, 2016.

Nani A. Caloretti,  
Deputy Secretary.

#### Appendix A—Allocation of CDBG-DR Funds as a Result of 2015 Flooding Disasters

This section describes the methods behind HUD's allocation of \$300 million in the 2015 CDBG-DR Funds.

Section 420 (Division L, Title II) of Public Law 114-113, enacted on December 18, 2015, appropriates \$300 million through the Community Development Block Grant (CDBG) program for necessary expenses for authorized activities related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas resulting from a major disaster declared in 2015 related to the consequences of Hurricane Joaquin and adjacent storm systems, Hurricane Patricia, and other flood events. This section requires that funds be awarded directly to the State or unit of general local government at the discretion of the Secretary.

The key underlying metric used in the allocation process is the unmet need that remains to be addressed from qualifying disasters. Unmet needs related to infrastructure and to damage to businesses and housing are used first to determine the most impacted and distressed areas that are eligible for grants and then to determine the amount of funding to be made available to each grantee.

Methods for estimating unmet needs for business, infrastructure, and housing: The data HUD staff have identified as being available to calculate unmet needs for qualifying disasters come from the following data sources:

- FEMA Individual Assistance program data on housing-unit damage as of December 21, 2015;
- SBA for management of its disaster assistance loan program for housing repair and replacement as of January 13, 2016;
- SBA for management of its disaster assistance loan program for business real estate repair and replacement as well as content loss as of January 13, 2016; and
- FEMA-estimated and -obligated amounts under its Public Assistance program for permanent work, Federal and State cost share as of February 3, 2016.

#### Calculating Unmet Housing Needs

The core data on housing damage for both the unmet housing needs calculation and the concentrated damage are based on home inspection data for FEMA's Individual Assistance program. For unmet housing needs, the FEMA data are supplemented by SBA data from its Disaster Loan Program. HUD calculates "unmet housing needs" as the number of housing units with unmet needs times the estimated cost to repair those units less repair funds already provided by FEMA, where:

• Each of the FEMA inspected owner units are categorized by HUD into one of five categories:

- Minor-Low: Less than \$3,000 of FEMA-inspected real property damage.
- Minor-High: \$3,000 to \$7,999 of FEMA-inspected real property damage.
- Major-Low: \$8,000 to \$14,999 of FEMA-inspected real property damage and/or 1 to 4 feet of flooding on the first floor.
- Major-High: \$15,000 to \$28,800 of FEMA-inspected real property damage and/or 4 to 6 feet of flooding on the first floor.
- Severe: Greater than \$28,800 of FEMA-inspected real property damage or determined destroyed and/or 6 or more feet of flooding on the first floor.

To meet the statutory requirement of "most impacted," homes are determined to have a serious level of damage if they have damage of "major-low" or higher. That is, they have a real property, FEMA-inspected damage of \$8,000 or flooding over 1 foot. Furthermore, a homeowner is determined to have unmet needs if the homeowner received a FEMA grant to make home repairs. For homeowners with a FEMA grant and insurance for the covered event, HUD assumes that the unmet need "gap" is 20 percent of the difference between total damage and the FEMA grant.

• FEMA does not inspect rental units for real property damage so personal property damage is used as a proxy for unit damage. Each of the FEMA inspected rental units are categorized by HUD into one of five categories:

- Minor-Low: Less than \$1,000 of FEMA-inspected personal property damage.
- Minor-High: \$1,000 to \$1,499 of FEMA-inspected personal property damage.
- Major-Low: \$2,000 to \$3,499 of FEMA-inspected personal property damage and/or 1 to 4 feet of flooding on the first floor.
- Major-High: \$3,500 to \$7,499 of FEMA-inspected personal property damage and/or 4 to 6 feet of flooding on the first floor.
- Severe: Greater than \$7,500 of FEMA-inspected personal property damage or determined destroyed and/or 6 or more feet of flooding on the first floor.

For rental properties, to meet the statutory requirement of "most impacted," homes are determined to have a high level of damage if they have damage of "major-low" or higher. That is, they have a FEMA personal property damage assessment of \$2,000 or greater or flooding over 1 foot. Furthermore, landlords are presumed to have adequate insurance coverage unless the unit is occupied by a renter with income of \$30,000 or less. Units occupied by a tenant with income less than \$30,000 are used to calculate likely unmet needs for affordable rental housing. For those units occupied by tenants with incomes under \$30,000, HUD estimates unmet needs as 75 percent of the estimated repair cost.

• The average cost to fully repair a home to code for a specific disaster within each of the damage categories noted above is calculated using the average real property damage repair costs determined by the SBA for its disaster loan program for the subset of homes inspected by both SBA and FEMA. Because SBA is inspecting for full repair costs, it is presumed to reflect the full cost to repair the home, which is generally more

than the FEMA estimates on the cost to make the home habitable. If fewer than 100 SBA inspections are made for homes within a FEMA damage category, the estimated damage amount in the category for that disaster has a cap applied at the 75th percentile of all damaged units for that category for all disasters and has a floor applied at the 25th percentile.

#### Calculating Unmet Infrastructure Needs

- To best proxy unmet infrastructure needs, HUD uses data from FEMA's Public Assistance program on the State match requirement (usually 25 percent of the estimated public assistance needs). This allocation uses only a subset of the Public Assistance damage estimates reflecting the categories of activities most likely to require CDBG funding above the Public Assistance and State match requirement. Those activities are categories: C, Roads and Bridges; D, Water Control Facilities; E, Public Buildings; F, Public Utilities; and G, Recreational—Other. Categories A (Debris Removal) and B (Protective Measures) are largely expended immediately after a disaster and reflect interim recovery measures rather than the long-term recovery measures for which CDBG funds are generally used. Because Public Assistance damage estimates are available only Statewide (and not county), CDBG funding allocated by the estimate of unmet infrastructure needs are suballocated to counties and local jurisdictions based on each jurisdiction's proportion of unmet housing and business needs.

#### Calculating Economic Revitalization Needs

- Based on SBA disaster loans to businesses, HUD used the sum of real property and real content loss of small businesses not receiving an SBA disaster loan. This is adjusted upward by the proportion of applications that were received for a disaster for which content and real property loss were not calculated because the applicant had inadequate credit or income. For example, if a State had 160 applications for assistance, 150 had calculated needs and 10 were denied in the preprocessing stage for not enough income or poor credit, the estimated unmet need calculation would be increased as  $(1 + 10/160)$  multiplied by the calculated unmet real content loss.
- Because applications denied for poor credit or income are the most likely measure of requiring the type of assistance available with CDBG recovery funds, the calculated unmet business needs for each State are adjusted upwards by the proportion of total applications that were denied at the preprocess stage because of poor credit or inability to show repayment ability. Similar to housing, estimated damage is used to determine what unmet needs will be counted as serious unmet needs. Only properties with total real estate and content loss in excess of \$30,000 are considered serious damage for purposes of identifying the most impacted areas.
  - Category 1: real estate + content loss = below 12,000.
  - Category 2: real estate + content loss = 12,000–30,000.
  - Category 3: real estate + content loss = 30,000–65,000.
  - Category 4: real estate + content loss = 65,000–150,000.
  - Category 5: real estate + content loss = above 150,000.
- To obtain unmet business needs, the amount for approved SBA loans is subtracted out of the total estimated damage.

#### Most Impacted and Distressed Designation

HUD allocates funds based on its estimate of the total unmet needs for infrastructure and the unmet needs for serious damage to businesses and housing that remain to be addressed in the most impacted counties after taking into account the most recent available data on insurance, FEMA assistance, and SBA disaster loans. To meet the statutory requirement that the funds be targeted to "the most impacted or distressed areas," this allocation:

- Limits allocations to those disasters where FEMA had determined the damage was sufficient to declare the disaster as eligible to receive Individual Assistance (IA) or Individual and Housing Program (IHP) funding.
- Only accounts for homes and businesses that experienced damage categorized as "major-low" or higher (see definitions above). That is, it excludes homes and businesses with minor damage that may have some unmet needs remaining.
- Restricts funding only to States with substantially higher unmet needs than other States impacted by disasters. Among disasters with data meeting the first two thresholds, HUD identifies a natural break in calculated serious unmet recovery needs and funds only grantees within those States.
- Only includes housing and business unmet needs data toward a formula allocation if HUD calculated serious unmet housing and business needs for a county is in excess of a Most Impacted threshold. Specifically, only counties with \$7 million or more in serious unmet housing and business needs are used to determine a State's allocation. Thus, funding is provided based on the serious needs of the most impacted counties in each State.
- Factors in disaster-related infrastructure repair costs Statewide that are not reimbursed by FEMA Public Assistance. For all of these disasters, this is calculated as the 25 percent State match requirement.
- Specifies the counties and jurisdictions that are most impacted or distressed by:
  - Providing direct funding to CDBG entitlement jurisdictions with significant remaining serious unmet needs. Within a State, if an entitlement jurisdiction accounts for \$15 million or more of the funding allocated to the State, it is allocated a direct grant.
  - Directing that a minimum of 80 percent of the total funds allocated within a State, including those allocated directly to the State and to local governments, must be spent on the disaster recovery needs of the communities and individuals in the most impacted and distressed counties (i.e., those counties identified by HUD). The principle behind the 80 percent rule is that each State received its allocation based on the unmet

needs in the HUD-identified most impacted counties (those counties with more than \$7 million in serious unmet housing and business needs) and, thus, HUD will require that all grantees within a State direct these limited resources toward those most impacted counties. Nonetheless, HUD recognizes that there are likely circumstances where its data is incomplete, damage is highly localized outside of one of the heavily impacted counties, or recovery would otherwise benefit from expenditures outside of those most impacted counties and, thus, provides some flexibility to address those needs for State grantees. While local governments receiving direct grant allocations from HUD must spend their total grant within their own jurisdictions, HUD will allow a portion of the State nonentitlement grant to be spent outside of the most impacted counties, in an amount not in excess of that which yields 80 percent of all funding within a State to be spent in the most impacted counties.

#### Allocation Calculation

Once eligible entities are identified using the above criteria, the allocation to individual grantees represents their proportional share of the estimated unmet needs. For the formula allocation, HUD calculates total serious unmet recovery needs as the aggregate of:

- Serious unmet housing needs in most impacted counties.
- Serious unmet business needs in most impacted counties.
- The estimated local match requirement for the repair of infrastructure estimated for FEMA's Public Assistance program. Given the relatively late timing of several disasters in 2015, this information is generally available only at the State level and not yet at county level geography. HUD estimates a local government share of public assistance unmet need as proportional to their serious housing and business unmet needs.

Each State receives funding based on all of the infrastructure needs within the State, minus the infrastructure needs estimated to lie within entitlement jurisdictions receiving direct grants. In addition, each State also receives funding from all serious housing and business needs in the most impacted counties minus the estimated severe housing and business needs within entitlement jurisdictions receiving direct grants.

#### Special Note About Participating Jurisdictions Within Urban Counties

The formula allocations to entitlement jurisdictions are based on the geography that those jurisdictions serve in their regular CDBG program. Urban Counties are comprised of the balance of a county after subtracting out any CDBG entitlement cities and any incorporated towns or cities that choose to participate with the State government. If an incorporated town or city crosses two Urban County boundaries, it may choose the Urban County with which it will participate and the data from the town in the adjoining county would be included in the chosen county's allocation.

The formula allocation for the grant to the State government reflect both the nonentitled

portions of the State under the regular CDBG program and all of the other areas of the most impacted counties not covered by the CDBG entitlement communities getting a direct grant. For example, the geography served by Livingston County, South Carolina includes one or more communities that cross over into Richland County, South Carolina. Because those communities participate with the Livingston County CDBG program and not the Richland County CDBG program, their need is reflected in the award to Livingston County. In addition, a number of incorporated towns in Richland County are served by the State CDBG program and the data for those communities were factored into the grant to the South Carolina State government and not the grant to the Richland County Urban County.

(FR Doc. 2016-14110 Filed 6-16-16; 8:45 am)

BILLING CODE 4210-ET-P

## DEPARTMENT OF THE INTERIOR

### U.S. Geological Survey

[GX16C0008951000]

#### Agency Information Collection Activities: Request for Comments

**AGENCY:** U.S. Geological Survey (USGS), Interior.

**ACTION:** Notice of a revision of a currently approved information collection (1028-0097).

**SUMMARY:** We (the U.S. Geological Survey) will ask the Office of Management and Budget (OMB) to approve the information collection (IC) described below. As required by the Paperwork Reduction Act (PRA) of 1995, and as part of our continuing efforts to reduce paperwork and respondent burden, we invite the general public and other Federal agencies to take this opportunity to comment on this IC. This collection is scheduled to expire on October 31, 2016.

**DATES:** To ensure that your comments are considered, we must receive them on or before August 16, 2016.

**ADDRESSES:** You may submit comments on this information collection to the Information Collection Clearance Officer, U.S. Geological Survey, 12201 Sunrise Valley Drive MS 807, Reston, VA 20192 (mail); (703) 648-7197 (fax); or [gs-info\\_collections@usgs.gov](mailto:gs-info_collections@usgs.gov) (email). Please reference "Information Collection 1028-0097, State Water Resources Research Institute Program Annual Application, National Competitive Grants and Reporting" in all correspondence.

**FOR FURTHER INFORMATION CONTACT:** Earl Greene, Chief, Office of External

Research, U.S. Geological Survey, 3522 Research Park Drive, Baltimore, MD 21228 (mail); 443-498-5505 (phone); [eargreene@usgs.gov](mailto:eargreene@usgs.gov) (email). You may also find information about this ICR at [www.reginfo.gov](http://www.reginfo.gov).

#### SUPPLEMENTARY INFORMATION:

##### I. Abstract

The Water Resources Research Act of 1984, as amended (42 U.S.C. 10301 *et seq.*), authorizes a research institute water resources or center in each of the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, the Federated States of Micronesia, the Commonwealth of the Northern Mariana Islands, and American Samoa. There are currently 54 such institutes, one in each state, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and Guam. The institute in Guam is a regional institute serving Guam, the Federated States of Micronesia, and the Commonwealth of the Northern Mariana Islands. Each of the 54 institutes submits an annual application for an allotment grant, national competitive grants, and provides an annual report on its activities under the grant. The State Water Resources Research Institute Program issues an annual call for applications from the institutes to support plans to promote research, training, information dissemination, and other activities meeting the needs of the States and Nation. The State Water Resources Research Institute Program also issues an annual call for competitive grants to focus on water problems and issues of a regional or interstate nature beyond those of concern only to a single State. The U.S. Geological Survey has been designated as the administrator of the provisions of the Act.

##### II. Data

**OMB Control Number:** 1028-0097.  
**Form Number:** NA.

**Title:** State Water Resources Research Institute Program Annual Application, National Competitive Grants and Reporting.

**Type of Request:** Extension of a currently approved collection.

**Affected Public:** The state water resources research institutes authorized by the Water Resources Research Act of 1983, as amended, and listed at <http://water.usgs.gov/wrri/index.php>.

**Respondent's Obligation:** Necessary to obtain benefits.

**Frequency of Collection:** Annually.

**Estimated Total Number of Annual Responses:** We expect to receive 54 applications and award 54 grants per year from State and local governments

for the annual applications. We also expect to receive 65 applications from individuals and award 4 grants per year for the national competitive grants.

**Estimated Time per Response:** 10,320 hours. This includes 100 hours per government applicant to prepare and submit the annual application; 40 hours per individual applicant to prepare and submit the national competitive grant application and 40 hours (total) per grantee to complete the annual reports.

**Estimated Annual Burden Hours:** 10,320.

**Estimated Reporting and Recordkeeping "Non-Hour Cost" Burden:** There are no "non-hour cost" burdens associated with this IC.

**Public Disclosure Statement:** The PRA (44 U.S.C. 3501, *et seq.*) provides that an agency may not conduct or sponsor and you are not required to respond to a collection of information unless it displays a currently valid OMB control number and current expiration date.

##### III. Request for Comments

We are soliciting comments as to: (a) Whether the proposed collection of information is necessary for the agency to perform its duties, including whether the information is useful; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) ways to enhance the quality, usefulness, and clarity of the information to be collected; and (d) how to minimize the burden on the respondents, including the use of automated collection techniques or other forms of information technology.

Please note that the comments submitted in response to this notice are a matter of public record. Before including your personal mailing address, phone number, email address, or other personally identifiable information in your comment, you should be aware that your entire comment, including your personally identifiable information, may be made publicly available at any time. While you can ask us in your comment to withhold your personally identifiable information from public view, we cannot guarantee that we will be able to do so.

**Earl A. Greene,**

Chief, Office of External Research.

(FR Doc. 2016-14365 Filed 6-16-16; 8:45 am)

BILLING CODE 4328-11-P

**DEPARTMENT OF HOMELAND SECURITY**

**Coast Guard**

[Docket No. USCG-2017-0124]

**Information Collection Request to Office of Management and Budget; OMB Control Number: 1625-0057**

**AGENCY:** Coast Guard, DHS.

**ACTION:** Sixty-day notice requesting comments.

**SUMMARY:** In compliance with the Paperwork Reduction Act of 1995, the U.S. Coast Guard intends to submit an Information Collection Request (ICR) to the Office of Management and Budget (OMB), Office of Information and Regulatory Affairs (OIRA), requesting a Reinstatement, without change, of a previously approved collection for which approval has expired for the following collection of information: 1625-0057, Small Passenger Vessels—Title 46 Subchapters K and T without change. Our ICR describes the information we seek to collect from the public. Before submitting this ICR to OIRA, the Coast Guard is inviting comments as described below.

**DATES:** Comments must reach the Coast Guard on or before October 6, 2017.

**ADDRESSES:** You may submit comments identified by Coast Guard docket number [USCG-2017-0124] to the Coast Guard using the Federal eRulemaking Portal at <http://www.regulations.gov>. See the "Public participation and request for comments" portion of the SUPPLEMENTARY INFORMATION section for further instructions on submitting comments.

A copy of the ICR is available through the docket on the Internet at <http://www.regulations.gov>. Additionally, copies are available from: Commandant (CG-612), Attn: Paperwork Reduction Act Manager, U.S. Coast Guard, 2703 Martin Luther King Jr. Ave. SE., Stop 7710, Washington, DC 20593-7710.

**FOR FURTHER INFORMATION CONTACT:** Contact Mr. Anthony Smith, Office of Information Management, telephone 202-475-3532, or fax 202-372-8405, for questions on these documents.

**SUPPLEMENTARY INFORMATION:**

**Public Participation and Request for Comments**

This Notice relies on the authority of the Paperwork Reduction Act of 1995; 44 U.S.C. Chapter 35, as amended. An ICR is an application to OIRA seeking the approval, extension, or renewal of a Coast Guard collection of information (Collection). The ICR contains

information describing the Collection's purpose, the Collection's likely burden on the affected public, an explanation of the necessity of the Collection, and other important information describing the Collection. There is one ICR for each Collection.

The Coast Guard invites comments on whether this ICR should be granted based on the Collection being necessary for the proper performance of Departmental functions. In particular, the Coast Guard would appreciate comments addressing: (1) The practical utility of the Collection; (2) the accuracy of the estimated burden of the Collection; (3) ways to enhance the quality, utility, and clarity of information subject to the Collection; and (4) ways to minimize the burden of the Collection on respondents, including the use of automated collection techniques or other forms of information technology. In response to your comments, we may revise this ICR or decide not to seek an extension of approval for the Collection. We will consider all comments and material received during the comment period.

We encourage you to respond to this request by submitting comments and related materials. Comments must contain the OMB Control Number of the ICR and the docket number of this request, [USCG-2017-0124], and must be received by October 6, 2017.

**Submitting Comments**

We encourage you to submit comments through the Federal eRulemaking Portal at <http://www.regulations.gov>. If your material cannot be submitted using <http://www.regulations.gov>, contact the person in the FOR FURTHER INFORMATION CONTACT section of this document for alternate instructions. Documents mentioned in this notice, and all public comments, are in our online docket at <http://www.regulations.gov> and can be viewed by following that Web site's instructions. Additionally, if you go to the online docket and sign up for email alerts, you will be notified when comments are posted.

We accept anonymous comments. All comments received will be posted without change to <http://www.regulations.gov> and will include any personal information you have provided. For more about privacy and the docket, you may review a Privacy Act notice regarding the Federal Docket Management System in the March 24, 2005, issue of the *Federal Register* (70 FR 15086).

**Information Collection Request**

**Title:** Small Passenger Vessels—Title 46 Subchapters K and T.

**OMB Control Number:** 1625-0057.

**Summary:** The information requirements are necessary for the proper administration and enforcement of the program on safety of commercial vessels as it affects small passenger vessels. The requirements affect small passenger vessels (under 100 gross tons) that carry more than 6 passengers.

**Need:** Under the authority of 46 U.S.C. 3305 and 3306, the Coast Guard prescribed regulations for the design, construction, alteration, repair and operation of small passenger vessels to secure the safety of individuals and property on board. The Coast Guard uses the information in this collection to ensure compliance with the requirements.

**Forms:** CG-841, Certificate of Inspection; CG-854, Temporary Certificate of Inspection; CG-848, Permit to Proceed to Another Port for Repairs; CG-949, Permit to Carry Excursion Party; CG-3752, Application for Inspection of U.S. Vessel; CG-5256, U.S. Coast Guard Inspected Small Passenger Vessel.

**Respondents:** Owners and operators of small passenger vessels.

**Frequency:** On occasion.

**Hour Burden Estimate:** The estimated burden has decreased from 399,420 hours to 397,124 hours a year due to a decrease in the estimated annual number of respondents.

**Authority:** The Paperwork Reduction Act of 1995; 44 U.S.C. Chapter 35, as amended.

**Dated:** August 1, 2017.

**Marilyn L. Scott-Perez,**  
U.S. Coast Guard, Chief, Office of Information Management.

[FR Doc. 2017-16505 Filed 8-4-17; 8:45 am]

**BILLING CODE:** 9110-04-P

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

[Docket No. FR-6039-N-01]

**Allocations, Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees**

**AGENCY:** Office of the Assistant Secretary for Community Planning and Development, HUD.

**ACTION:** Notice.

**SUMMARY:** This notice provides guidance on issues arising from Community Development Block Grant disaster recovery (CDBG-DR) funds.



Specifically, this notice allocates additional funds for 2015 and 2016 disasters; establishes an allocation framework for disasters that occur in 2017 and later; provides waivers for previously funded National Disaster Resilience Competition grants and for grantees that received certain CDBG-DR funding; provides a waiver for Rebuild By Design activities; and establishes an alternative requirement that creates new national objective criteria for grantees undertaking CDBG-DR buyouts and housing incentives.

**DATES:** This notice will apply on: August 14, 2017.

**FOR FURTHER INFORMATION CONTACT:** Stan Gimont, Director, Office of Block Grant Assistance, Department of Housing and Urban Development, 451 7th Street SW., Room 7286, Washington, DC 20410, telephone number (202) 708-3587. Persons with hearing or speech impairments may access this number

via TTY by calling the Federal Relay Service at (800) 877-8339. Facsimile inquiries may be sent to Mr. Gimont at (202) 401-2044. (Except for the "800" number, these telephone numbers are not toll-free.) Email inquiries may be sent to [disaster\\_recovery@hud.gov](mailto:disaster_recovery@hud.gov).

#### SUPPLEMENTARY INFORMATION:

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#### I. 2015 and 2016 Allocations

##### A. Background

Since December 2015, four different public laws have been enacted that have provided CDBG-DR appropriations to address major declared disasters that occurred in 2015, 2016, 2017, and later. Table 1 lists these various public laws, the related **Federal Register** notices that govern the funds, grantees that have received allocations, and amounts provided to those grantees.

**Table 1 – FY 2016 and 2017 CDBG-DR Appropriations and Allocations**

Appropriation Act	Public Law 114-113	Public Law 114-223	Public Law 114-254	Public Law 115-31	
Date of Enactment	December 18, 2015	September 29, 2016	December 10, 2016	May 5, 2017	
Date of Applicable Federal Register Notice	June 17, 2016	November 21, 2016	January 18, 2017		
Federal Register Notice Reference Number	81 FR 39687	81 FR 83254	82 FR 5591		
CDBG-DR Available	\$299,000,000	\$500,000,000	\$1,805,976,000	\$400,000,000	
2015 Disaster Grantees					<b>Totals</b>
Lexington County SC	\$16,332,000			\$5,038,000	\$21,370,000
Columbia SC	\$29,989,000			\$6,166,000	\$36,155,000
Richland County, SC				\$7,254,000	\$30,770,000
State of South Carolina	\$96,827,000			\$29,871,000	\$126,698,000
Houston, TX	\$66,560,000			\$20,532,000	\$87,092,000
San Marcos, TX	\$25,080,000			\$8,714,000	\$33,794,000
State of Texas	\$50,696,000			\$23,872,000	\$74,568,000
2016 Disaster Grantees					
State of Louisiana		\$437,800,000	\$1,219,172,000	\$51,435,000	\$1,708,407,000
State of West Virginia		\$17,000,000	\$87,280,000	\$45,595,000	\$149,875,000
State of Texas		\$45,200,000	\$177,064,000	\$16,631,000	\$238,895,000
State of North Carolina			\$198,553,000	\$37,976,000	\$236,529,000
State of South Carolina			\$65,305,000	\$29,781,000	\$95,086,000
State of Florida			\$58,602,000	\$59,335,000	\$117,937,000
Total	\$299,000,000	\$500,000,000	\$1,865,976,000	\$342,200,000	

\*The allocation amounts for Pub. L. 115-31 column include amounts announced by the Department on May 18, 2017.

Each of the public laws identified above provides CDBG-DR funds for necessary expenses for activities authorized under title I of the Housing and Community Development Act of 1974 (HCDA) related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas resulting from a qualifying major disaster declared by the President pursuant to

the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (Stafford Act) (42 U.S.C. 5121 et seq.).

CDBG-DR grants under each appropriation are governed by one or more **Federal Register** notices that contain the requirements, applicable waivers, and alternative requirements that apply to the use of the funds. Congress requires that HUD publish waivers and alternative requirements in the **Federal Register**.

This **Federal Register** notice sets out the requirements, waivers, and alternative requirements that govern the funds appropriated under Public Law 115-31. Throughout this notice, references to **Federal Register** notices will be to the date the notices were published as noted in Table 1.

Under Public Law 115-31, Congress appropriated \$400 million in CDBG-DR funding to address remaining unmet needs (as defined by HUD) arising from qualifying major disasters that occurred

in 2015 and 2016, and for qualifying major disasters that occur in 2017 or later, until the funds are fully allocated. Congress required that HUD, in distributing the \$400 million, use the allocation methodologies identified in June 17, 2016, and January 18, 2017, **Federal Register** notices for disasters occurring in 2015 and 2016, respectively.

Table 1, under the column labeled Public Law 115–31, reflects the allocation of funds appropriated by that act for qualifying disasters in 2015 and 2016 (inclusive of the amounts announced on May 18, 2017). In HUD's June 17, 2016, **Federal Register** notice, HUD described the allocation and applicable waivers and alternative requirements, relevant statutory and regulatory requirements, grant award process, criteria for Action Plan approval, and eligible disaster recovery activities for the qualifying 2015 disasters. Grantees receiving an

allocation of funds under this **Federal Register** notice for qualifying 2015 disasters are subject to the authority and conditions of Public Law 114–113 and the requirements, waivers, and alternative requirements provided in the June 17, 2016, notice.

In HUD's November 21, 2016, and January 18, 2017, **Federal Register** notices, HUD described the allocation and applicable waivers and alternative requirements, relevant statutory and regulatory requirements, grant award process, criteria for Action Plan approval, and eligible disaster recovery activities for the qualifying 2016 disasters. Grantees receiving allocations of funds under these **Federal Register** notices for qualifying 2016 disasters are subject to the authority and conditions of Public Law 114–223 and 114–254 and the requirements, waivers and alternative requirements provided in the November 21, 2016, and January 18, 2017, **Federal Register** notices.

HUD is allocating the funds for the 2015 and 2016 disasters based on updated data HUD received from the Federal Emergency Management Agency (FEMA), and the Small Business Administration (SBA). HUD's allocations match the difference between HUD's 100 percent estimate of the serious unmet needs for repair in most impacted counties after taking into consideration other resources, including insurance, FEMA, SBA and the amounts previously allocated. HUD's methodology for allocation as specified in the June 17, 2016, and January 18, 2017, notices does not include additional funds for resilience activities. Detailed explanations of HUD's allocation methodologies for qualifying disasters from 2015 and 2016, are provided at Appendix A in the June 17, 2016 notice and Appendix A of the January 18, 2017 notice, respectively.

TABLE 2—QUALIFYING 2015 AND 2016 DISASTERS AND “MOST IMPACTED AND DISTRESSED” AREAS

FEMA disaster No.	Grantee	Minimum amount that must be expended for recovery in the HUD-identified “most impacted and distressed” areas
<b>2015 Disasters</b>		
4241 .....	Lexington County (Urban County), SC .....	Lexington County Urban County Jurisdiction (\$5,038,000).
4241 .....	Columbia, SC .....	Columbia (\$6,166,000).
4241 .....	Richland County, SC .....	Richland County Urban County Jurisdiction (\$7,254,000).
4241 .....	State of South Carolina .....	Charleston, Dorchester, Florence, Georgetown and Clarendon Counties* (\$23,896,800).
4223, 4245 .....	Houston, TX .....	City of Houston (\$20,532,000).
4223, 4245 .....	San Marcos, TX .....	City of San Marcos (\$8,714,000).
4223, 4245, 4272 .....	State of Texas .....	Harris, Hays, Hidalgo, and Travis Counties (\$12,511,200).
<b>2016 Disasters</b>		
4263, 4277 .....	State of Louisiana .....	East Baton Rouge, Livingston, Ascension, Tangipahoa, Ouachita, Lafayette, Vermilion, Acadia, Washington, and St. Tammany Parishes (\$41,148,000).
4273 .....	State of West Virginia .....	Kanawha, Greenbrier, Clay, and Nicholas Counties** (\$36,476,000).
4266, 4269, 4272 .....	State of Texas .....	Harris, Newton, Montgomery, Fort Bend, and Brazoria Counties (\$13,304,800).
4285 .....	State of North Carolina .....	Robeson, Cumberland, Edgecombe, and Wayne Counties (\$30,380,800).
4286 .....	State of South Carolina .....	Marion and Horry Counties (\$23,824,800).
4280, 4283 .....	State of Florida .....	St. Johns County (\$47,468,000).

\* Based on data presented by the grantee, HUD has approved the addition of Clarendon County to the 2015 South Carolina “most impacted and distressed” areas.

\*\* Based on data presented by the grantee, HUD has approved the addition of Clay and Nicholas Counties to the 2016 West Virginia “most impacted and distressed” areas.

Use of funds for all grantees is limited to unmet recovery needs from the major disasters identified in Table 2. Table 2 shows the HUD-identified “most impacted and distressed” areas impacted by the identified disasters. At least 80 percent of the total funds provided to each grantee under this notice must address unmet needs within

the HUD-identified “most impacted and distressed” areas, as identified in Table 2. Grantees may spend the remaining 20 percent in the HUD-identified areas or areas the grantee determines to be “most impacted and distressed.”

#### B. Use of Funds

Public Law 115–31 requires funds to be used only for specific disaster recovery related purposes. This allocation provides funds to 2015 and 2016 CDBG–DR grantees for authorized disaster recovery efforts. Grantees allocated funds under this notice for 2015 and 2016 disasters must submit a

substantial Action Plan Amendment as outlined below.

#### C. Grant Amendment Process

To receive funds allocated by this notice, 2015 and 2016 grantees (listed in Table 1) must submit a substantial Action Plan Amendment to their approved Action Plan and meet the following requirements:

- Grantee must consult with affected citizens, stakeholders, local governments and public housing authorities to determine updates to its needs assessment;
- Grantee must amend its Action Plan to update its needs assessment, modify or create new activities, or reprogram funds. Each amendment must be highlighted, or otherwise identified within the context of the entire Action Plan. The beginning of every Action Plan Amendment must include a: (1) Section that identifies exactly what content is being added, deleted, or changed; (2) chart or table that clearly illustrates where funds are coming from and where they are moving to; and (3) a revised budget allocation table that reflects the entirety of all funds;
- Grantee must publish a substantial amendment to its previously approved Action Plan for Disaster Recovery prominently (see section VLA.4.a of the November 21, 2016, notice and section VLA.3.a of the June 17, 2016, notice) on the grantee's official Web site for no less than 14 calendar days. The manner of publication must include prominent posting on the grantee's official Web site and must afford citizens, affected local governments, and other interested parties a reasonable opportunity to examine the amendment's contents and provide feedback;
- Grantee must respond to public comment and submit its substantial Action Plan Amendment to HUD no later than 90 days after the effective date of this notice;
- HUD will review the substantial Action Plan Amendment within 45 days from date of receipt and determine whether to approve the Amendment per criteria identified in this notice and all applicable prior notices;
- HUD will send an Action Plan Amendment approval letter, revised grant conditions (may not be applicable to all grantees), and an amended unsigned grant agreement to the grantee. If the substantial Amendment is not approved, a letter will be sent identifying its deficiencies; the grantee must then re-submit the Amendment within 45 days of the notification letter;
- Grantee must ensure that the HUD approved substantial Action Plan Amendment (and original Action Plan)

is posted prominently on its official Web Site;

- Grantee must enter the activities from its published Action Plan Amendment into the Disaster Recovery Grant Reporting (DRGR) system and submit the updated DRGR Action Plan to HUD within the system;
- Grantee must sign and return the grant agreement to HUD;
- HUD will sign the grant agreement and revise the grantee's line of credit amount;
- Grantee may draw down funds from the line of credit after the Responsible Entity completes applicable environmental review(s) pursuant to 24 CFR part 58, or adopts another Federal agency's environmental review where authorized under provisions incorporated by reference in Public Law 115-31, and, as applicable, receives a response from HUD or the state that approves the grantee's Request for Release of Funds and certification;
- Grantee must amend its published Action Plan to include its projection of expenditures and outcomes within 90 days of the Action Plan Amendment approval.

#### D. Applicable Rules, Statutes, Waivers, and Alternative Requirements

Awards under this notice will be subject to the waivers and alternative requirements provided in the notices governing the award of CDBG-DR funds for 2015 and 2016 disasters, as identified in Table 1. These waivers and alternative requirements provide additional flexibility in program design and implementation to support full and swift recovery following the disasters, while also ensuring that statutory requirements are met. Grantees may request additional waivers and alternative requirements from the Department as needed to address specific needs related to their recovery activities. Waivers and alternative requirements are effective five days after they are published in the *Federal Register*.

#### E. Duration of Funding

Public Law 115-31 provides that these funds will remain available until expended. However, consistent with 31 U.S.C. 1555 and OMB Circular A-11, if the Secretary or the President determines that the purposes for which the appropriation has been made have been carried out and no disbursements have been made against the appropriation for two consecutive fiscal years, any remaining balance will be made unavailable for obligation or expenditure. Consistent with the June 17, 2016, November 21, 2016, and

January 18, 2017 notices, the provisions at 24 CFR 570.494 and 24 CFR 570.902 regarding timely distribution of funds are waived and replaced with alternative requirements under this notice. Grantees must expend 100 percent of their allocation of CDBG-DR funds on eligible activities within 6 years of HUD's execution of the grant agreement.

#### II. Waivers and Alternative Requirements for CDBG-DR Funds Appropriated by Public Law 114-223, 114-254 and 115-31 (Applicable Only to the State of Louisiana)

This section of the notice provides a waiver for the state of Louisiana, which has received CDBG-DR allocations pursuant to Public Law 114-223, 114-254 and 115-31. The state of Louisiana was allocated \$1,656,972,000 in CDBG-DR funds under Public Law 114-223 and 114-254 and HUD has approved the state's use of these CDBG-DR funds for three main recovery programs: Housing (86 percent), economic development (4 percent), and infrastructure (8 percent). These programs were developed to address the most urgent and significant unmet needs of those areas impacted by the eligible 2016 disasters. This notice allocates \$51,435,000 to Louisiana pursuant to Public Law 115-31, bringing the total amount allocated to the state for 2016 disasters to \$1,708,407,000.

1. *Waiver of the 70 percent overall benefit requirement (State of Louisiana only).* The overall benefit requirement set by the HCDA requires that 70 percent of the aggregate of the grantee's CDBG program's funds be used to support activities benefiting low- and moderate-income persons. It can be difficult for grantees working in disaster recovery to meet the overall benefit test, because disasters do not always affect low- and moderate-income areas and, therefore, this requirement can in some cases limit grantees' ability to assist the most damaged areas.

The November 21, 2016, notice maintained the 70 percent overall benefit requirement for all grantees receiving funds under these public laws, but provided the state of Louisiana and all other grantees with additional flexibility to request a lower overall benefit requirement. Specifically, that notice allows a grantee to request to further reduce its overall benefit requirement if it submitted a justification that, at a minimum: (a) identifies the planned activities that meet the needs of its low- and moderate-income population; (b) describes proposed activity(ies) and/or program(s) that will be affected by the alternative

requirement, including their proposed location(s) and role(s) in the grantee's long-term disaster recovery plan; (c) describes how the activities/programs identified in (b) prevent the grantee from meeting the 70 percent requirement; and (d) demonstrates that low- and moderate-income (LMI) persons' disaster-related needs have been sufficiently met and that the needs of non-LMI persons or areas are disproportionately greater, and that the jurisdiction lacks other resources to serve them.

The state of Louisiana submitted a request to establish a lower overall benefit requirement based on the above criteria. In its request, the state contends that out of the 57,600 households that suffered major or severe damage during the flooding in 2016, only 44 percent were low- and moderate-income (LMI) persons. The State's request notes that due to the persistent flooding that occurs in these communities, offering assistance to all households in the areas affected by the storm, and not just LMI households, will help the impacted neighborhoods with critical rebuilding needs.

Accordingly, the state will target its CDBG-DR funds to households with major or severe damage that did not have flood insurance at the time of the storms (36,510 households). The state indicates that 53 percent of those households qualify as LMI, and that 65 percent of the funds for the state's homeowner program will benefit those LMI households. The state also estimates that 100 percent of its housing rental funds will benefit LMI households, and 50 percent of the funds allocated for infrastructure and economic development activities will also meet the LMI national objective. The state designed its program so that those in greatest need are provided with the greatest level of assistance, by covering 100 percent of unmet needs for households earning less than 120 percent of area median income (AMI) and covering 50 percent of unmet needs for households above 120 percent of AMI. This approach prioritizes the unmet needs of LMI households and encourages higher income households to leverage personal or private funds.

To enable the state to undertake the activities it has deemed most critical for its recovery, and to ensure that LMI households are sufficiently served and/or assisted, HUD is granting a waiver and alternative requirement to reduce the overall benefit requirement from 70 percent to not less than 55 percent of the state's allocation of CDBG-DR funds. This means that the state must use at least 55 percent of its CDBG-DR

allocations under Public Law 114-223, 114-254 and 115-31 to benefit LMI households (or not less than \$939,623,850.00).

Based on the analysis submitted by the state, the Secretary finds a compelling need for this reduction due to the circumstances outlined in the state's request. In particular, HUD notes that the areas most damaged by the storms have limited LMI populations; that all of the state's recovery programs will have some component that will specifically benefit LMI households; that the persistent nature of flooding has led the state to focus on the importance of rebuilding communities in a holistic manner; and that the state will prioritize the unmet needs of LMI households in its homeowner recovery programs. HUD does not see evidence that reduction to the 50 percent level sought by the state is necessary given its approved program design and early data with respect to its applicant pools. HUD, however, does advise the state to maintain its current program design and targeting strategy to ensure that projected LMI benefit levels are achieved and the state continues to demonstrate that low- and moderate-income persons' disaster-related needs have been sufficiently met.

This is a limited waiver modifying 42 U.S.C. 5301(c), 42 U.S.C. 5304(b)(3)(A), 24 CFR 570.484, and 570.200(a)(3) only to the extent necessary to reduce the low- and moderate-income overall benefit requirement that the state of Louisiana must meet when carrying out activities identified in its approved action from 70 percent to not less than 55 percent of the state's allocations of CDBG-DR funds under Public Law 114-223, 114-254 and 115-31.

**2. Waiver of Section 414 of the Stafford Act, 42 U.S.C. 5181 (State of Louisiana only).** The state of Louisiana has requested a waiver of section 414 of the Stafford Act, as amended, for rehabilitation or reconstruction activities. This notice grants the State's request and specifies alternative requirements.

Section 414 of the Stafford Act (42 U.S.C. 5181) provides that "Notwithstanding any other provision of law, no person otherwise eligible for any kind of replacement housing payment under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Pub. L. 91-646) [42 U.S.C. 4601 et seq.] ["URA"] shall be denied such eligibility as a result of his being unable, because of a major disaster as determined by the President, to meet the occupancy requirements set by [the URA]". Accordingly, tenants displaced from their homes as a result of the identified

disaster and who would have otherwise been displaced as a direct result of any acquisition, rehabilitation, or demolition, of real property for a federally assisted project or program may become eligible for a replacement housing payment notwithstanding their inability to meet occupancy requirements prescribed in the URA.

Section 414 of the Stafford Act (including its implementing regulation at 49 CFR 24.403(d)(1)), is waived to the extent that it would apply to the CDBG-DR funded rehabilitation and reconstruction activities undertaken by the state of Louisiana, or its subrecipients, for its grants under Public Law 114-223, Public Law 114-254 and Public Law 115-31; provided that the activities were not planned, approved, or otherwise underway prior to the disaster.

The Department has surveyed other federal agencies' interpretation and implementation of Section 414 and found varying views and strategies for long-term, post-disaster projects involving the acquisition, rehabilitation, or demolition of disaster-damaged housing. Under the CDBG-DR supplemental appropriations, the Secretary has the authority to waive or specify alternative requirements for any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary or the use by the recipient of these funds. The Department, in special cases, has previously granted a waiver and provided alternative requirements of Section 414 to CDBG-DR grantees, including the Gulf States impacted by disasters in 2005 and 2008 (see 72 FR 48804) and the 2011 floods in the city of Minot, North Dakota (see 79 FR 80490).

The severe floods of 2016 damaged Louisiana's affordable rental housing stock. According to the State, approximately 28,470 rental units were damaged by the floods, resulting in lower vacancies, increased rental rates and further exacerbating the housing cost burden among low- and moderate-income renters. Many of the damaged rental housing units have since been vacated by tenants who have found permanent housing elsewhere.

The state of Louisiana's CDBG-DR Action Plan for recovery from the 2016 floods identifies this rental housing need and contains several programs geared toward the repair and increase of the affordable rental housing stock by using CDBG-DR funds to reconstruct or rehabilitate rental units that were damaged by the floods and to create new rental housing by providing funding for multi-family developments.



Existing CDBG-DR funding is only sufficient to bring less than six percent of disaster-impacted rental units into decent, safe, and sanitary condition. With a potential pool of 1,500 units eligible for rehabilitation or reconstruction, a strict interpretation of Section 414 of the Stafford Act and 49 CFR 24.403(d)(1) would pose a significant administrative burden and add delays to achieving overall program goals within the timeframe set forth by the applicable notices governing the use of the CDBG-DR funds. Additionally, the State has demonstrated that replacement housing payments for persons initially displaced by the disaster will reduce funds available for improving long-term housing affordability and sustainability.

The State has identified a relatively small population of households currently in need of continued temporary housing assistance of some form related to the flooding events, and the State's CDBG-DR Action Plan attempts to address this need by funding programs designed to assist the needs of persons who are homeless or at risk of becoming homeless due to the 2016 floods.

The Department's basis for this waiver and alternative requirements are unique to the State of Louisiana as documented in its request to the Department. The Department has considered the State's request and determined that good cause exists for a waiver and alternative requirements and that such waiver and alternative requirements are not inconsistent with the overall purposes of title I of the HCD Act.

1. The State's proposal maximizes its ability to increase the overall supply of affordable rental units. Such units will have affordability requirements for low-income persons.

2. The waiver will simplify the administration of the disaster recovery process and reduce the administrative burden associated with a strict interpretation of Stafford Act Section 414 requirements on the potential pool of 1,500 units eligible for rehabilitation or reconstruction.

3. This waiver does not apply to persons that meet the occupancy requirements to receive a replacement housing payment under the URA nor does it apply to persons displaced by other HUD-funded disaster recovery programs or projects. Such persons' eligibility for relocation assistance and payments under the URA is not impacted.

Due to the specific circumstances of Louisiana's recovery process, the Department is providing a waiver of Section 414 of the Stafford Act and its

implementing regulation at 49 CFR 24.403(d)(1), and establishing alternative requirements. For rehabilitation or reconstruction activities in support of bringing damaged rental units back into productive use, the State must adhere to the alternative requirements specified in this notice.

For tenants that have vacated housing units damaged by the 2016 floods, the State of Louisiana must:

1. Establish a publicly available re-housing plan for its rental housing programs that includes, at minimum, the following:

a. A rental registry containing information concerning the availability of all of the units assisted through its rental housing programs so that displaced low- and moderate-income households and other interested households may apply to live in these units;

b. Contact information and a description of any eligibility and applicable application process, including any deadlines;

c. Information on market rate rental units for non-LMI households displaced by the disaster;

d. A description of services to be made available, including, at minimum, outreach efforts to eligible persons and housing counseling providing information about available housing resources.

2. Establish and implement operating procedures to ensure that a good faith effort is made to contact each former residential tenants to inform them of the availability of their previous unit and other available units rehabilitated under the program.

3. Offer low- and moderate-income former tenants preferred status in the residential application process for the unit from which they were displaced and for other rental units repaired or created with CDBG-DR funds.

The State's request for waiver and alternative requirements indicates that landlords participating in the rental repair programs will be required to keep the restored units affordable for 5 to 20 years after initial occupancy. The State's policies and procedures governing each rental repair program must detail any imposed affordability requirements for that program.

This waiver has no effect on URA eligibility for relocation assistance and payments for existing tenant occupants of dwelling units who may be displaced or relocated temporarily as a direct result of a CDBG-DR activity.

### III. Allocation Framework for Disasters in 2017 or Later

#### A. Background

After addressing remaining unmet need for 2015 and 2016 disasters, \$57,800,000 in CDBG-DR funding remains available to be allocated for major disasters occurring in 2017 or later. Public Law 115-31 specifies that the funds allocated for disasters in 2017 or later are subject to the same authority and conditions as those applicable to CDBG-DR funds appropriated by Public Law 114-223 and, therefore, these funds are also subject to the requirements of the November 21, 2016 notice, except the major disaster may occur in calendar year 2017 or later until such funds are fully allocated.

For 2017 and later disasters, HUD will use the methodology specified in Appendix A to the January 18, 2017 notice for determining if a disaster meets the minimum qualifications for funding using the limits established by that notice. For disasters that meet the minimum qualification, HUD will allocate the lesser of 100 percent of serious unmet needs as defined in the January 18, 2017 notice or remaining funds available from Public Law 115-31.

HUD will not evaluate a disaster for qualification to receive CDBG-DR funds until:

(i) The major disaster has been declared eligible for FEMA's Public Assistance (PA) Program and Individual and Households (IHP) Program;

(ii) FEMA has approved Individual Assistance applications totaling at least \$13 million in IHP financial assistance for the declared disaster in a single county; and

(iii) four months have passed since the disaster declaration that made IHP available, or the IHP registration period is closed, whichever comes first.

These criteria do not assure CDBG-DR eligibility, but they will lead HUD to acquire the data necessary to determine eligibility, and if eligible, calculate a formula allocation. HUD will allocate funds to 2017 disasters using the best available data at that time.

#### B. Use of Funds

Grantees receiving an allocation of funds for 2017 and later disasters pursuant to a subsequent notice are subject to the requirements of the November 21, 2016 notice, as amended, which require that prior to the obligation of CDBG-DR funds, a grantee shall submit a plan to HUD for approval detailing the proposed use of all funds, including criteria for eligibility, and how the use of these funds will address

long-term recovery and restoration of infrastructure and housing and economic revitalization in the most impacted and distressed areas. This Action Plan for disaster recovery must describe uses and activities that: (1) Are authorized under title I of the Housing and Community Development Act of 1974 (HCDA) or allowed by a waiver or alternative requirement; and (2) respond to disaster-related impact to infrastructure, housing, and economic revitalization in the most impacted and distressed areas. To inform the plan, grantees must conduct an assessment of community impacts and unmet needs to guide the development and prioritization of planned recovery activities, pursuant to paragraph A.2.a. in section VI of the November 21, 2016 notice, as amended.

Pursuant to the November 21, 2016 notice, each grantee receiving an allocation of funds for 2017 or later disasters in a subsequent notice is also required to expend 100 percent of its allocation of CDBG-DR funds on eligible activities within 6 years of HUD's execution of the grant agreement.

Grantees receiving an allocation of funds for 2017 or later disasters pursuant to a subsequent notice will be subject to the grant process provided for in section V of the November 21, 2016 notice.

#### IV. Public Law 113-2 Waivers and Alternative Requirements

##### A. Background

This section of the notice authorizes waivers and alternative requirements for certain grantees that received an allocation of funds appropriated under Public Law 113-2, which ultimately made available \$15.2 billion in CDBG-DR funds for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization due to Hurricane Sandy and other eligible events in calendar years 2011, 2012, and 2013. The full amount of the appropriation has been allocated as follows: \$13 billion in response to Hurricane Sandy, \$514 million in response to disasters occurring in 2011 or 2012, \$655 million in response to 2013 disasters, and \$1 billion for the National Disaster Resilience Competition (NDRC).

This section of the notice specifies waivers and alternative requirements and modifies requirements for grantees that received awards under the NDRC (CDBG-NDR grantees), described in the *Federal Register* notice published by the Department on June 7, 2016 (81 FR 36557). The requirements of the June 7,

2016 notice continue to apply to these grantees, except as modified by this notice.<sup>3</sup>

This section of the notice also provides a waiver of the low- and moderate-income overall benefit requirement for the City of Moore, OK, and the State of New York, which have each received a CDBG-DR award pursuant to Public Law 113-2. This section of the notice also modifies the process for the publication of the expenditure extensions approved by the Department under Public Law 113-2. This section of the notice additionally authorizes grantees receiving an allocation of CDBG-DR funds for Rebuild by Design projects to exclude expenditures of that allocation from the calculation of the grantee's overall low- and moderate-income benefit.

##### B. Applicable Rules, Statutes, Waivers, and Alternative Requirements

Public Law 113-2 authorizes the Secretary to waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with HUD's obligation or use by the recipient of these funds (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment). Waivers and alternative requirements are based upon a determination by the Secretary that good cause exists and that the waiver or alternative requirement is not inconsistent with the overall purposes of title I of the HCDA. Regulatory waiver authority is also provided by 24 CFR 5.110, 91.600, and 570.5.

For the waivers and alternative requirements described in this section of notice, the Secretary has determined that good cause exists and that the waivers and alternative requirements are not inconsistent with the overall purposes of title I of the HCDA. Grantees under Public Law 113-2 may request waivers and alternative requirements from the Department as needed to address specific needs related to their recovery activities. Under the requirements of Public Law 113-2, waivers must be published in the *Federal Register* no later than 5 days before the effective date of such waiver.

1. *Urgent need national objective certification requirements for CDBG-NDR grantees.* The June 7, 2016 notice provided CDBG-NDR grantees with a waiver and alternative requirement to

the certification requirements for the documentation of the urgent need national objective at 24 CFR 570.208(c) and 570.483(d), waiving the certification requirements until 24 months after the date the Department obligates funds to a grantee, and alternatively requiring each CDBG-NDR grantee to document how all programs and/or activities funded under the urgent need national objective respond to a disaster-related impact identified by the grantee. Elsewhere, this notice describes the extension of the expenditure deadline that the Department is authorized to provide to all CDBG-NDR grantees, allowing them to expend funds until September 30, 2022. For CDBG-NDR grantees funding activities that will satisfy the urgent need national objective, an extension of the existing alternative requirement to the standard urgent need certification requirement is also required, to ensure that the CDBG-NDR project can meet the urgent need national objective on a timeframe that coincides with an extended expenditure deadline.

Each CDBG-NDR grantee was required to document how all programs and/or activities funded under the urgent need national objective respond to a disaster-related impact. For activities that meet the urgent need national objective, grantees were required to reference in their Action Plan the type, scale, and location of the disaster-related impacts that each project, program, and/or activity will address. Without an extension of the prior waiver and alternative requirement to the certification requirements for documentation of the urgent need national objective, HUD's extension of the 24-month expenditure deadline could penalize grantees whose successful applications relied on the availability of the alternative urgent need national objective criteria.

Grantees documented urgent needs in their initial applications, and the grantees will expend funds to meet these urgent needs throughout the grant period. Therefore, section 3.V.A.1.d. of the June 7, 2016 notice is modified to add the following alternative requirement for CDBG-NDR grantees: "Notwithstanding the two year limitation on the use of the urgent need national objective referenced in paragraph one of this section, for activities designed to respond to disaster-related impacts that pose a serious and immediate threat to the health or welfare of the community, and which were adequately documented within the grantee's initial Action Plan, the grantee may continue to use the alternative certification of the urgent

<sup>3</sup> Links to the June 7, 2016 notice, the text of Public Law 113-2, and additional guidance prepared by the Department for CDBG-DR grants, are available on the HUD Exchange Web site: <https://www.hudexchange.info/programs/cdbg-dr/consistent-recovery/>.

need national objective until the end of the extended expenditure deadline approved by the Department, provided that the grantee updates the needs assessment of its Action Plan as new or more detailed/accurate disaster-related impacts are known."

As a reminder, Action Plans must be amended, as necessary, to ensure that an updated needs assessment is included for each project, program, or CDBG-eligible activity undertaken with CDBG-NDR funds. This alternative requirement does not contemplate new projects or activities that were not documented as meeting an urgent need within a grantee's initial Action Plan. Amendments to a CDBG-NDR Action Plan that describe additional projects or activities will trigger the substantial amendment requirements described in paragraph V.A.1.g.(i) in the June 7, 2016 notice and new projects or activities intended to meet the urgent need national objective may require a separate waiver from HUD to permit use of the alternative urgent need certification.

2. *Revision of substantial amendment requirements for CDBG-NDR grantees.* The June 7, 2016 notice specified the changes to an Action Plan that would constitute a substantial amendment, and described the process required for CDBG-NDR grantees to make a substantial amendment to an approved Action Plan. The June 7, 2016 notice indicated that HUD would review the proposed change(s) against the rating factors and threshold criteria and consider whether the revised Action Plan, inclusive of the proposed change, would continue to score in the fundable range for the NDRC. The June 7, 2016 notice also stated that HUD would only approve a substantial amendment if the revised score remains within the fundable range of CDBG-NDR scores. However, all NDR awards funded scaled and scoped versions of proposals in NDR applications, because the Department could not fully fund all the proposed activities described in applications that scored within the initial fundable range. Accordingly, determining whether a change to a grantee's Action Plan would fall within the initial fundable range of CDBG-NDR scores is not an accurate method of determining whether a revised project would still be fundable. To address this and to further clarify the criteria and process for amendments to CDBG-NDR Action Plans, the Department is amending the third paragraph of section 3.I.B. of the June 7, 2016 notice by replacing it in its entirety with the following:

"A grantee may amend the Action Plan, but must receive prior HUD approval for substantial amendments to the plan. Before making any substantial amendment to the Action Plan, a grantee must follow the same citizen participation requirements required by the NOFA for the preparation and submission of an NDRC application, FR-5800-N-29A2 (NOFA). Additional information about citizen participation requirements can be found in section 3.V.A.3 below."

Additionally, the Department is also amending section 3.V.A.1. of the June 7, 2016 notice by replacing it with the following:

"1. *Application for CDBG-NDR Waiver and Alternative Requirement.* The requirements for CDBG actions plans, located at 42 U.S.C. 12705(a)(2), 42 U.S.C. 5304(a)(1), 42 U.S.C. 5304(m), 42 U.S.C. 5306(d)(2)(C)(iii), and 24 CFR 91.220 and 91.320 are waived for funds provided under the NOFA. Instead, HUD required each grantee to submit an application for CDBG-NDR, and the Applicant's Phase 1 and Phase 2 submissions for this competition together constitute an Action Plan required under Public Law 113-2. HUD notes that 24 CFR 570.304 and 24 CFR 570.485, to the extent they govern annual formula CDBG grant approvals, do not apply to National Disaster Resilience Competition (NDRC) allocations, but the standard of review of certifications continues to apply to grantee certifications. HUD will monitor the grantee's activities and use of funds for consistency with its approved Action Plan and all other requirements, including performance and timeliness. Per the Appropriations Act, and in addition to the requirements at 24 CFR 91.500, the Secretary may disapprove a substantial amendment to an Action Plan (application) if it is determined that the amended application does not satisfy all the required elements included in this notice at 3.V.A.1.g.(i). However, in reviewing substantial amendments, HUD will not penalize grantees for scaling and scoping decisions made by HUD as part of the NDRC award selection process."

The Appropriations Act, as used in the June 7, 2016 notice, refers to Public Law 113-2.

Additionally, the Department is also amending section 3.V.A.1.g. of the June 7, 2016 notice by replacing it in its entirety with the following:

"(g) *Action Plan Amendments, Submission to HUD, Treatment of Leverage, Partners, and BCA.* A grantee is encouraged to work with its HUD representative before making any amendments to its Action Plan to

determine whether the amendment would constitute a substantial amendment and to ensure that the proposed change complies with all applicable requirements.

(i) *Substantial Amendments.* The following modifications constitute a substantial amendment requiring HUD approval: Any change to the funded portions of the application that HUD determines, based generally on the guidelines of the NOFA (as adjusted for HUD's scaling and scoping of the award), would present a significant change to the grantee's capacity to carry out the grant (including loss of a partner without addressing lost capacity through replacement or contingency plan identified in the application); any change to the funded portions of the application that HUD determines, based generally on the guidelines of the NOFA (as adjusted for HUD's scaling and scoping of the award), would undermine the grantee's soundness of approach (including the benefit cost analysis); any change to the Most Impacted and Distressed target area(s) (a revised area must meet Most Impacted and Distressed threshold requirements in the NOFA, including Appendix G to the NOFA); any change in program benefit, beneficiaries, or eligibility criteria, and the allocation or reallocation of more than 10 percent of the grant award; any change to the leverage that was pledged and approved in the grantee's grant agreement; or the addition or deletion of an eligible activity.

Amendments that do not fall within the definition of substantial amendments are referred to as "nonsubstantial amendments." A grantee must notify HUD at least 10 business days before a nonsubstantial amendment becomes effective.

For substantial amendments, grantees must complete the citizen participation requirements of this notice, at section 3.V.A.3, before HUD can approve the amendment. In addition to reviewing Action Plans against the criteria at 24 CFR 91.500, HUD will review and approve a substantial amendment to an Action Plan if the amendment results in an Action Plan that HUD determines: (i) Can be reasonably carried out by the grantee and that the grantee has addressed any loss in capacity due to dissolved partners that are not replaced; (ii) may differ from the previously approved Action Plan but does not significantly deviate from the scope and objectives of the previously approved Action Plan or the purpose of the NDRC; (iii) satisfies all of the required elements identified in the NOFA (as adjusted for HUD's scaling and scoping of the

award), this amended section 3.V.A.1.g. and elsewhere in the June 7, 2016 notice, including Tie-back requirements, and does not fund activities identified in section III.C.2. of the NOFA as ineligible; (iv) demonstrates (through an updated BCA, if requested) that the benefits to the grantee's community and to the United States continue to justify the costs of the award; and (v) does not differ in the amount of leverage identified in the grantee's grant agreement (substitution of leverage sources is permitted).

To allow HUD to make this determination, a grantee must submit adequate documentation that demonstrates the following: capacity of the grantee and partners to implement the funded activities, any changes to partners who will assist in the amended activity, scope and beneficiaries of the funded activities, the direct and supporting leverage committed by the grantee, and an updated BCA (if requested). Grantees are encouraged to work with their HUD representatives before making any amendment to an Action Plan. As indicated in the NOFA, if a grantee makes or proposes to make a substantial amendment to its project, HUD reserves the right to disapprove the amendment or amend the grantee's award and reduce the grant amount or recapture the grant, as necessary.

(ii) *Information for Substantial and Nonsubstantial Amendments.* If the grantee proposes to amend its Action Plan, each proposed amendment must be highlighted, or otherwise identified, within the context of the approved Action Plan and be submitted to HUD. All amendments must comply with provisions of this notice, including Tie-back requirements. Grantees may not amend an Action Plan to include funding for ineligible activities identified in section III.C.2 of the NOFA. The beginning of every proposed amendment must include a section that identifies exactly what content is being added, deleted, or changed, and whether the grantee believes that the proposed amendment would result in a significant change to the grantee's capacity or soundness of approach. This section must also include a chart or table that clearly illustrates where funds are coming from and to where they are moving. The amendment must include a revised budget allocation table that reflects the entirety of all funds, as amended. A grantee's most recent version of its approved NDR application and its DRGR Action Plan must be accessible for viewing as a single document, at any given point in time, rather than requiring the public or HUD to view and cross-reference changes

among multiple amendments.

Requirements for the full expenditure of CDBG-NDR funds by a date established by HUD will continue to be enforced under any amendment to the Action Plan. Every amendment to the Action Plan (substantial and nonsubstantial) must be numbered sequentially and posted on the grantee's website. The Department will acknowledge receipt of a proposed amendment via email or letter within 5 business days of receipt. HUD may seek additional information from the grantee to determine whether a proposed amendment is a substantial amendment.

(iii) *Amendments that may affect the BCA previously accepted by HUD.* If requested by HUD, a grantee must submit an update to its BCA to support a request for a substantial amendment.

(iv) *Leverage Accepted by HUD.* Grantees are required to show, through quarterly reports, evidence that firmly committed leverage resources in the amount required by the grant terms and conditions have been received and used for the intended purposes. A grantee may not propose an amendment to reduce the amount of leverage pledged and identified in the grant agreement. Sources of leverage funds, however, may be substituted after grant award with HUD approval, if the dollar amount of leverage is equal to or greater than the total amount of leverage required by the grant terms and conditions. Substitution of a leverage source in the same amount committed and identified in the grant terms and conditions is a nonsubstantial amendment. Section 3.V.A.2.e describes additional DRGR leverage reporting requirements.

(v) *Partners Accepted by HUD.* The NOFA permitted a grantee to identify a partner in its application that the grantee would be otherwise required by program requirements to competitively procure. A grantee is not required to secure the services of any partner by competitive procurement if the partner is duly documented and identified in the initial approved Action Plan for the CDBG-NDR grant. The Department has granted permission for single source procurement of these partners, pursuant to 2 CFR 200.320(f)(3) (cited in the NOFA as 24 CFR 85.36(d)(4)(i)(C)), which has since been superseded by the Uniform Requirements) and advised state grantees that have not adopted the local government procurement requirements in 2 CFR part 200 to review state requirements associated with single source procurement and to follow all applicable procurement requirements. In many cases, this will entail the grantee undertaking a cost

analysis prior to making payments to such a partner, and the grantee will be responsible for ensuring compliance with requirements that all CDBG-NDR costs be necessary and reasonable (for local government grantees, see 2 CFR 200.323, for state governments that have not adopted 2 CFR 200.323, see state procurement requirements applicable to single source procurements). If a partner dissolves the partnership after award and before activities are complete, a grantee should make its best effort to replace the partner with a similarly skilled partner, if the grantee's approved CDBG-NDR application was rated and ranked based on the capacity of the dissolved partner. If the grantee is not able to replace the lost capacity of a partner by following a contingency plan included in its approved CDBG-NDR application, the grantee must complete a substantial amendment to its Action Plan that addresses the lost capacity. If a grantee proposes to add a partner that would otherwise have to be procured as a contractor after the award or if the partner was identified in the approved CDBG-NDR application but was found by HUD to lack sufficient documentation, then that selection of that partner would not be covered by the single-source permission above and would be subject to procurement requirements under 2 CFR part 200 or state law, as applicable. Additionally, as required by Appendix D to the NOFA, the grantee shall execute a written subrecipient agreement, developer agreement, contract, or other agreement, as applicable, with each partner regarding the use of the CDBG-NDR funds, before disbursing any CDBG-NDR funds to the partner. The written agreement must conform with all CDBG-NDR requirements and shall require the partner to comply with all applicable CDBG-NDR requirements, including those found in Disaster Relief Appropriations Act, 2013 (Pub. L. 113-2), title I of the HCDA (42 U.S.C. 5302 et seq.), the CDBG program regulations at 24 CFR part 570, this amended June 7, 2016 notice, and any other applicable Federal Register notices, and commitments made in the grantee's Phase 1 and Phase 2 approved CDBG-NDR applications."

Additionally, the Department is also amending the first paragraph of section 3.V.A.3.a. of the June 7, 2016 notice by replacing it in its entirety with the following:

a. *Publication of the Action Plan, Access to Information, and Substantial Amendments:* At all times, the grantee must maintain a public Web site that contains the latest versions of its Action Plan, including the DRGR Action Plan and the version as



submitted to HUD for the competition and including the following portions: Executive summary; Factor narratives; Eligibility; national objective; overall benefit; and schedule responses, threshold requirements documentation, and all exhibits (A–G) (but of the attachments, only Attachments D and F must be published); and opportunity for public comment, hearing, and substantial amendment criteria. Before the grantee submits a proposed substantial amendment, the grantee must publish the proposed submission, including a section that identifies exactly what content is being added, deleted, or changed, and whether the grantee believes that the proposed amendment would result in a significant change to the grantee's capacity or soundness of approach; a chart or table that clearly illustrates where funds are coming from and to where they are moving; and a revised budget allocation table that reflects the entirety of all funds, as amended.

3. *Projection of Expenditures and Outcomes.* The June 7, 2016 notice specified the time frames for grantees to report and update the projection of expenditures and performance outcomes for CDBG–NDR grants. As grantees have refined and finalized outcomes for each CDBG–NDR grant, the Department has determined that further clarification of the time frames for initially reporting and updating grantee projections of expenditures and outcomes is required. Accordingly, Section 3.II.B(9) of the June 7, 2016 notice is amended by replacing it in its entirety with the following:

(9) *Continuing responsibility related to certification.* After materials necessary to support the Secretary's certification are submitted and the grant agreement is signed, grantees have continuing responsibilities for maintaining the certification. HUD may request an update to the grantee's certification submission each time the grantee submits a substantial Action Plan Amendment, or if HUD has reason to believe the grantee has made material changes to grantee's support for its certifications.

Grantees must submit to the Department for approval an update to the program schedule (projection of expenditures) and milestones (outcomes) included in the approved CDBG–NDR application response to the Phase 2 Factor 3 Soundness of Approach rating factor. The projections must be based on each quarter's expected performance—beginning the quarter that funds are available to the grantee and continuing each quarter until all funds are expended. Each grantee must also include these projected expenditures and outcomes in the initial activity set-up in DRGR. Within 90 days of HUD's approval of the initial DRGR Action Plan, the projections entered into DRGR (as contained in the DRGR Action Plan) must be amended to reflect any subsequent changes, updates, or revision of the projections. Any subsequent changes, updates, or revision of the projections must receive written approval from HUD. Amending Action Plans solely to

accommodate changes to the timeline for projected expenditures does not fall within the definition of substantial amendment and is not subject to citizen participation requirements.

Guidance on the preparation of projections is available on HUD's Web site under the headings Office of Community Planning and Development, Disaster Recovery Assistance (<https://www.hudexchange.info/resource/3685/cdbg-dr-grantee-projections-of-expenditures-and-outcomes/>). The projections will enable HUD, the public, and the grantee to track proposed versus actual performance. HUD will make the DRGR Action Plan and performance reports available on the DRGR public Web site (<https://drgr.hud.gov/public/>).

Additionally, following execution of a grant agreement, the DRGR Action Plan that reflects the components funded through the CDBG–NDR grant must be posted on the grantee's Web site.

Additional information on the DRGR reporting system requirements can be found in section 3.V.A.2. below.

Grantees are also required to ensure all agreements (with subrecipients, recipients, and contractors) clearly state the period of performance or the date of completion. In addition, grantees must enter expected completion dates for each activity in the DRGR system. When target dates are not met, grantees are required to explain why in the activity narrative in the system.

Other reporting, procedural, and monitoring requirements are discussed under "Grant Administration" in section 3.V.A. of this amended June 7, 2016 notice. The Department will institute risk analysis and on-site monitoring of grantee management as well as collaborate with the HUD Office of Inspector General to plan and implement oversight of these funds.

In addition to the above changes, HUD is modifying the last paragraph of section 3.IV of the June 7, 2016 notice, by replacing it in its entirety with the following:

• "Grantee amends its published Action Plan (the DRGR Action Plan) to include any updates to its projection of expenditures and outcomes within 90 days of HUD's approval of the initial DRGR Action Plan."

4. *Waiver of Limitation on Planning Costs (State of New Jersey only).* The Department is modifying the alternative requirement in the June 7, 2016 notice which imposes a 20 percent limit on planning and administrative costs, and is imposing an alternative requirement for the state of New Jersey to accommodate activities to be funded under the state's approved CDBG–NDR Action Plan. The June 7, 2016 notice waived section 106(d) of the HCDA (42 U.S.C. 5306(d)) and 24 CFR 570.489(a)(1)(i), (ii), and (iii) for states and provided an alternative requirement that limits CDBG–NDR grantees to using no more than 20 percent of the total grant amount on a combination of

planning and general administrative costs (see paragraph V.A.10.b.(1) of the June 7, 2016 notice). The state submitted a Phase 2 application to HUD for the NDRC on October 27, 2015, describing an array of recovery and resilience activities that included both infrastructure and planning activities. In January 2016, the Department made a CDBG–NDR award of \$15 million to the state for two proposed planning-only projects, a Regional Resiliency Planning (RRP) Grant Program and a best practices toolkit. As part of its RRP Grant Program, the state proposed to invest CDBG–NDR funds in a program evaluation that investigates the efficacy of its grant program and facilitates replication of the program in other communities. Because the entirety of the state's CDBG–NDR award is for the purpose of planning-only activities, HUD is modifying the limitation described in the June 7, 2016 notice for the state of New Jersey only, and imposing the following alternative requirement:

To ensure that the state of New Jersey can devote the full amount of CDBG–NDR grant funds to both of its approved planning-only projects, the Department is waiving section 106(d) of the HCDA (42 U.S.C. 5306(d)) and 24 CFR 570.489(a)(1)(i), (ii), and (iii) to remove the limitation on planning expenses for this grant, thereby permitting the state to expend 100 percent of its CDBG–NDR grant on planning and administration expenses. Additionally, to ensure that the state devotes a minimum amount of its funds to local level planning activities as described in its approved CDBG–NDR Action Plan, the Department is requiring that at least 80 percent of the \$16 million provided for the RRP in the state's Action Plan (\$8 million) be expended on local planning grants.

As a reminder, the state must continue to limit its general administrative costs for the CDBG–NDR grant to 5 percent of its total grant award, as provided in Public Law 113–2 and the June 7, 2016 notice. The state must also adhere to the program funding amounts in the state's grant agreement terms and conditions, as amended.

5. *Waiver of Limitation on Planning Costs (State of Connecticut only).* The Department is modifying the alternative requirement in the June 7, 2016 notice which imposes a 20 percent limit on planning and administrative costs, and is imposing an alternative requirement for the state of Connecticut to accommodate activities to be funded under the state's approved CDBG–NDR Action Plan. The June 7, 2016 notice waived section 106(d) of the HCDA (42 U.S.C. 5306(d)) and 24 CFR 570.489(a)(1)(i), (ii), and (iii) for states and provides an alternative requirement that limits CDBG–NDR grantees to using no more than 20 percent of the total

grant amount on a combination of planning and general administrative costs (see paragraph V.A.10.b.(1) of the June 7, 2016 notice). The state submitted a Phase 2 application to HUD for the NDRC on October 27, 2015, describing an array of recovery and resilience activities that included both infrastructure and planning activities. In January 2016, the Department made a CDBG-NDR award of \$54,277,359 to the state for infrastructure and the following planning activities: Bridgeport South End Design Guidelines (\$330,000), Bridgeport South End District Energy Feasibility (\$350,000), Connecticut Connections Coastal Resilience Plan (\$8,203,323), and the State Agencies Fostering Resilience (SAFR) program (\$3,500,000), which includes both administration and planning expenses.

The sum of planning projects funded under this award is \$12,383,323, or 22.8 percent of the total grant award amount, and the maximum allowable amount that can be used for general administrative expenses is 5 percent of the grant total or \$2,713,868. In order to allow the state to fully fund its selected projects and properly administer its grant award, HUD is modifying the limitation described in the June 7, 2016 notice for the state of Connecticut, and imposing the following alternative requirement:

The Department is waiving section 106(d) of the HCDA (42 U.S.C. 5308(d)) and 24 CFR 570.489(a)(1)(i), (ii), and (iii) to increase the limitation on planning and general administration expenses for this grant to 27.8 percent or \$15,097,191.

As a reminder, the state of Connecticut must continue to limit its general administrative costs for the CDBG-NDR grant to 5 percent of its total grant award, as provided in the Appropriations Act and the June 7, 2016 notice. The state must also adhere to the program funding amounts in the state's grant agreement terms and conditions, as amended. The Appropriations Act referenced in the amended June 7, 2016 notice is Public Law 113-2.

**6. Waiver for Eligible Activity (Commonwealth of Virginia only).** The Department awarded the Commonwealth of Virginia CDBG-NDR funds to develop a Coastal Resilience Lab and Accelerator Center (the Center) that supports new business initiatives aimed at addressing flood risk. Many of the Center's components, however, are not otherwise CDBG-eligible activities. Accordingly, the Commonwealth requested and the Department is granting a waiver and establishing an alternative requirement to create a CDBG-eligible activity that comprises all the components proposed for the Center.

The Commonwealth's approved Action Plan states that the Center will "serve as the nexus for technological and organizational innovation around community revitalization, water management, resilience measurement," and will "focus on generating economic growth by assisting entrepreneurs skilled at identifying problems, matching them with potential solutions, working with companies to create product, and moving product quickly to market." To this end, the Commonwealth will use its CDBG-NDR grant to fund specific components of the project including the design plan for the operations of the Center, training, office space, and capital investment for emerging businesses focused on regional resilience solutions, targeted workforce development and support, public outreach, and sharing best practices.

In rare instances when necessary to achieve recovery goals, HUD has previously granted waivers and alternative requirements to allow a grantee to treat a large complex project as a single eligible activity with multiple components that contribute to long-term recovery. HUD's approval of the Commonwealth's application through the NDRC is intended to support the creation of a new regional industry cluster to serve as a model for other communities that want to support businesses in this field.

HUD has determined that many of the proposed project components in the Commonwealth's application, including the development of a public facility, support for small businesses through training and capital, supporting workforce development, public engagement, and knowledge dissemination are already eligible CDBG activities. Therefore, to streamline implementation of the Center and its programs and allow the Commonwealth to proceed with valuable project components that are not eligible CDBG activities, HUD is waiving section 105(a) (42 U.S.C. 5305(a)) and establishing an alternative requirement only to the extent necessary to create a new eligible activity for the Commonwealth's CDBG-NDR grant, referred to as the Center, comprised of the activities outlined in the Commonwealth's approved Action Plan for its CDBG-NDR grant. However, HUD reminds grantees that the following provision in the June 7, 2016 notice remains in effect: "When CDBG-NDR grantees provide funds to for-profit businesses, such funds may only be provided to a small business, as defined by the SBA under 13 CFR part 121. CDBG-NDR funds may not be used to directly assist a privately-owned utility for any purpose".

**7. Waiver and alternative requirement for low- and moderate-income area benefit activities (State of California only).** The Department awarded the State of California CDBG-NDR funds to develop a Community and Watershed Resilience Program in response to the 2013 Rim Fire that was the third largest wildfire in California's history. The program will finance the development of a biomass facility and wood products campus in Tuolumne county as well as a forest and watershed health component focused on forest restoration efforts, rangeland improvements, and biomass removal and thinning throughout the region. The program also includes the establishment of a community resilience center that will offer business incubator and job training services, while also serving as an emergency evacuation center for the broader community.

The state's approved CDBG-NDR application noted that the most impacted and distressed area with remaining unmet disaster recovery needs to be served by the project encompasses the non-entitlement jurisdictions of Tuolumne, Mariposa and Calaveras counties, where 38 percent of the residents are low- and moderate-income (LMI). The state's application indicated that if CDBG-NDR funds were awarded for the program, the state would require a waiver that would permit activities carried out in areas with an LMI percentage of not less than 38 percent to qualify under the low- and moderate-income area benefit national objective.

Subsequent to the award and in response to HUD's scoping and scaling of the project, the state submitted a revised request to the Department, seeking a waiver and alternative requirement that would allow the state to apply exception criteria that recognizes that few, if any communities within the service area have 51 percent or more low- and moderate-income residents, per the requirements of 42 U.S.C. 5305(c)(2)(A), allowing the state to use a 38 percent LMI threshold to qualify activities under the LMI area benefit national objective. In its request, the state contends that the very nature of the initiatives financed with CDBG-NDR funds means that communities beyond the identified service area will also realize benefits, through reduced risks associated with wildfires, improved watersheds and new economic opportunities arising from efforts to commercialize the area's biomass.

Based on the state's request and the fact that the approved project has a combined LMI population that is not

greater than 38 percent of the area, HUD is granting a limited waiver modifying 42 U.S.C. 5305(c)(2)(A)(i), to the extent necessary to permit the state to use a percentage of not less than 38 percent to qualify activities under the low- and moderate-income area benefit national objective.

8. *Waiver of the 50 percent overall benefit requirement (City of Moore, OK only).* The primary objective of the HCDA is the "development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income." 42 U.S.C. 5301(c). To carry out this objective, the statute requires that 70 percent of the aggregate of the grantee's CDBG program's funds be used to support activities benefitting low- and moderate-income persons. This target can be difficult for many CDBG-DR grantees to reach as a disaster impacts entire communities—regardless of income. Further, it may limit grantees' ability to provide assistance to the most damaged areas of need. Therefore, as described by the December 16, 2013 Federal Register notice (78 FR 76154), the city of Moore, Oklahoma, in addition to the other grantees under Public Law 113-2 received a waiver and alternative requirement reducing the amount of the city's CDBG-DR funds that must be used for activities that benefit LMI persons to 50 percent. Additional flexibility was provided in the March 5, 2013 Federal Register notice (78 FR 14329). It allowed a grantee to request to further reduce its overall benefit requirement if it submitted a justification that, at a minimum: (a) identifies the planned activities that meet the needs of its low- and moderate-income population; (b) describes proposed activity(ies) and/or program(s) that will be affected by the alternative requirement, including their proposed location(s) and role(s) in the grantee's long-term disaster recovery plan; (c) describes how the activities/programs identified in (b) prevent the grantee from meeting the 50 percent requirement; and (d) demonstrates that the needs of non-low and moderate-income persons or areas are disproportionately greater, and that the jurisdiction lacks other resources to serve them. Upon HUD's review of the justification, the request can be granted only if the Secretary finds a compelling need to reduce the overall benefit below 50 percent.

In response to the above, the city of Moore submitted a justification addressing the required criteria. The EF-5 tornado that struck Moore in 2013

also destroyed several affordable housing developments in the city which have not been replaced. The city council adopted a plan in March of 2013 that included infrastructure projects in support of a new affordable housing development project that will bring much needed LMI affordable units to the city. In order to carry out these activities the city acquired land in a closed mobile home park which will allow it to replace a portion of the LMI affordable rental housing destroyed by the EF-5 tornado. Demolition of the remaining structures and asbestos abatement has been completed and a Planned Unit Development (PUD) design for the site has been adopted. The SW 17th/Janeway Master Redevelopment plan will be a mixed use, mixed income urban village which will be built at an overall cost of \$36-\$40 million. This redevelopment will include the use of \$13.5 million in CDBG-DR grant funds and provides for 170 affordable LMI units and 30 market rate units. The city council approved the master plan and PUD in October 2016, and staff are currently developing a Request for Proposals to solicit development bids. After the completion of the SW 17th/Janeway development, the city expects that the percent of LMI residents in the block group which contains the development will rise to 57.2 percent, well above the 51 percent required to classify a project under the low/mod area benefit (LMA) national objective.

Through its Infrastructure Recovery and Implementation Plan (IRIP), designed in 2014, the city identified several flood control and drainage projects that will support the development of SW 17th/Janeway and its affordable housing units, and thus will directly benefit the LMI residents that return to the area. Currently, there are three infrastructure projects associated with the Round Rock development that will not meet the area benefit test that requires at least 51 percent of the residents in the area are LMI using the most current HUD FY 2016 data. The three projects include the Little River Sewer Interceptor project, the S. Telephone Road Improvements project, and the Little River Channel and Greenway project totaling over \$7.6 million in CDBG-DR investments. While these projects will directly benefit the new housing development, they will also benefit other block groups within the city. Without this waiver, the city could carry out these activities under the national objective of Urgent Need, but because of the large number of CDBG-DR funds

dedicated to these activities, the city would then not be able to meet its 50 percent LMI overall benefit requirement. Hence, the city cannot carry out these infrastructure activities without a waiver.

To enable the city to undertake these infrastructure activities it has deemed most critical for its recovery, and to ensure that LMI residents are adequately served and/or assisted, HUD is granting a limited waiver and alternative requirement to reduce the overall benefit from 50 percent to not less than 42 percent. Based on the city's justification, the Secretary has found a compelling need for this reduction due to the circumstances outlined in Moore's request. In particular, HUD notes that these projects will all directly serve the new housing development that will provide 170 units of affordable LMI housing, prioritizing the needs of those LMI residents because these three projects will ensure that the redevelopment site is no longer in a FEMA floodway, will repair and replace sewage lines that will service the development, and install traffic control lights and widen an intersection to handle the increased density the development will bring. The city has identified these infrastructure projects as a top priority to ensure the success of the SW 17th/Janeway redevelopment and this waiver will allow LMI persons to live there safely. This is a limited waiver modifying 42 U.S.C. 5301(c), 42 U.S.C. 5304(b)(3)(A), 24 CFR 570.484, and 570.200(a)(3) only to the extent necessary to reduce the low- and moderate-income overall benefit requirement that the city must meet when carrying out activities with funds appropriated under Public Law 113-2 from 50 percent to not less than 42 percent.

9. *Waiver of the 50 percent overall benefit requirement (New York State, only).* As described in the March 5, 2013 notice, the state of New York and all other grantees under Public Law 113-2 received a waiver and alternative requirement requiring that at least 50 percent of CDBG-DR grant funds must be used for activities that benefit low- and moderate-income persons.

The state of New York has submitted a justification to HUD to reduce the overall benefit requirement for funds provided under Public Law 113-2. HUD has allocated \$4,416,882,000 in CDBG-DR funds to the state pursuant to Public Law 113-2, including \$185 million for projects identified by HUD through the Rebuild by Design competition. The state's CDBG-DR grant is administered by the Governor's Office of Storm Recovery (GOSR).

GOSR's approved action plan allocates its CDBG-DR grant to four main recovery programs: Housing (58 percent), economic development (3 percent), community reconstruction (18 percent) and infrastructure (21 percent). These programs were developed by GOSR to address the most urgent and significant unmet needs of those areas impacted by the storms that are eligible under Public Law 113-2—Hurricanes Sandy and Irene. In its request, GOSR contends that it has engaged in extensive and continued outreach to all persons and businesses impacted by the storms to inform the state's citizens of the availability of recovery programs and how to apply, and that all eligible applicants will receive assistance. Significantly, GOSR's analysis of the geographic areas most impacted by the storms demonstrates that the storms did not damage areas with significant LMI populations. Because HUD requires grantees receiving funds under Public Law 113-2 to spend at least 80 percent of each grant in the HUD identified most impacted counties, it is very difficult for the state to meet both this requirement and the requirement that at least 50 percent of the expended funds benefit LMI populations.

GOSR has submitted an extensive data analysis to illustrate that the demographics of the communities most impacted by the storms are generally not comprised of LMI block groups. GOSR's data illustrates that, outside of the five counties that comprise New York City, the storms impacted communities in which only about 20 percent of the population resides in LMI block groups. GOSR has reported that while there are 3.96 million people living in the state's most impacted counties (Nassau, Westchester, Suffolk, and Rockland), only 34 percent of those residents are LMI persons and only 25 percent of the block groups are considered LMI.

The state uses this data to illustrate its difficulty in meeting the LMI area benefit national objective, particularly as it relates to infrastructure. Many of the state's infrastructure projects are large in scale and have widespread positive impacts for persons of all income levels, including LMI persons, but it is nearly impossible for those projects to meet the LMI area benefit criteria. For example, one of the state's largest investments, the \$101 million Bay Park Wastewater Treatment Plant project, benefits a service area that includes more than 370 block groups. Even though this project benefits many thousands of LMI residents within these block groups (approximately 135,000 LMI persons), there are not enough LMI

persons to meet the 51 percent test for an LMI area benefit activity.

Given these challenges, the state has proposed allocating additional funds to initiatives that further address unmet needs of LMI persons, including the reallocation of \$50,000,000 of Community Reconstruction (CR) funds to projects within the city of New York that will meet the applicable LMI area benefit criteria.

To enable the state to undertake the activities it has deemed most critical for its recovery, and to ensure that LMI households are adequately served and/or assisted, HUD is granting a waiver and alternative requirement to reduce the overall benefit requirement for the state's grant from 50 percent to not less than 35 percent of the state's allocation of CDBG-DR funds, excluding the \$185 million allocated by HUD for Rebuild by Design projects and, consistent with existing program requirements and subject to the requirements in paragraph 10, below. This means that the state must use at least 35 percent of its CDBG-DR allocation (excluding RBD) under Public Law 113-2 to benefit LMI persons.

Based on the analysis submitted by the state, the Secretary has found a compelling need for this reduction due to the particular circumstances outlined in the state's request. In particular, HUD notes that the areas most damaged by the storms have limited LMI populations; that the infrastructure projects being undertaken by the state will nonetheless directly serve large populations of LMI persons; that the state has done significant outreach to communities in the most impacted counties and will serve all eligible applicants that have applied for assistance; and that the state will reallocate at least \$50,000,000 of Community Reconstruction funds to increase the number of LMI persons served. This is a limited waiver modifying 42 U.S.C. 5301(c), 42 U.S.C. 5304(b)(3)(A), 24 CFR 570.484, and 570.200(a)(3) only to the extent necessary to reduce the low- and moderate-income overall benefit requirement that the state must meet when carrying out activities identified in its approved action with funds appropriated under Public Law 113-2 from 50 percent to not less than 35 percent.

**10. Rebuild By Design Exception to Overall Benefit Requirement.** In the October 16, 2014, *Federal Register* notice (79 FR 62182), HUD allocated \$930,000,000 of CDBG-DR funds made available under Public Law 113-2, for the implementation of six proposals selected through the HUD-sponsored

Rebuild by Design (RBD) competition. The RBD allocation was included as part of the larger allocation of CDBG-DR funds under Public Law 113-2 for long term recovery from Hurricane Sandy. Four grantees received an RBD allocation as part of their CDBG-DR grant for Hurricane Sandy recovery: The state of New York, the city of New York, the state of Connecticut, and the state of New Jersey.

The proposals selected through the Rebuild by Design Competition were identified prior to the development and approval of action plans for grantees receiving an allocation of CDBG-DR funds under Public Law 113-2. The October 16, 2014, notice notes that the individual proposals were selected to address the structural and environmental vulnerabilities that Hurricane Sandy exposed in communities throughout the region and to provide fundable solutions to better protect residents from future disasters. The notice also requires that projects funded with the RBD allocation reflect the proposals selected through the Rebuild by Design Competition to the greatest extent practicable and appropriate.

The RBD proposals were selected by HUD and the RBD allocation was included as part of each grantee's overall CDBG-DR allocation for Hurricane Sandy recovery, however, HUD recognizes that as the location and scope of an RBD project is further refined, the RBD portion of a grantee's overall CDBG-DR allocation may prevent certain grantees from meeting the requirement of the March 5, 2013, notice that at least 50 percent of each grantee's overall allocation of CDBG-DR funds be expended to meet the LMI national objective. Accordingly, the Secretary has found a compelling need for this waiver based on the facts presented above. In particular, HUD's selection of RBD projects within defined geographic areas may limit the ability of grantees to meet an LMI national objective within that defined area. This is a limited waiver and alternative requirement to modify 42 U.S.C. 5301(c), 42 U.S.C. 5304(b)(3)(A), 24 CFR 570.484, and 570.200(a)(3) only to the extent necessary to allow the four grantees receiving an allocation of CDBG-DR funds specifically for RBD projects, to either include or exclude the expenditure of its RBD allocation in the calculation of the grant's overall LMI benefit. If a grantee chooses to exclude the expenditures of its RBD allocation from its overall benefit calculation, it is required to notify HUD and the public through a non-substantial amendment to its approved action plan.



11. *Publication of Approved Expenditure Extension Requests.* Pursuant to the requirements of section 904(c) under title IX of Public Law 113-2, CDBG-DR and CDBG-NDR funds must be expended within 24 months following obligation, unless an extension is provided. The Office of Management and Budget (OMB) granted the Department a waiver of the statute's two-year expenditure timeline, recognizing that certain disaster recovery activities satisfy the OMB criteria for activities that are long-term by design where it is impracticable to expend funds within the 24-month period and achieve program missions. HUD may grant extensions for activities that satisfy the OMB criteria. The **Federal Register** notice published by the Department on May 11, 2015 (80 FR 26942) and the June 7, 2016 notice established the process and requirements for extension of the deadline for the expenditure of funds under Public Law 113-2, including the requirement that HUD publish its approval of the extension of grantee expenditure deadlines in the **Federal Register**. In order to provide the public with more timely information about the expenditure deadlines for funds provided under Public Law 113-2, the Department is amending both the May 11, 2015 notice and the June 7, 2016 notice, respectively, to provide for the publication of expenditure deadline extensions on the Department's Web site.

Accordingly, the last bullet of Section VI of the May 11, 2015 notice is amended to read:

- "If approved, HUD will publish the extension approval on its web site at: <https://www.hudexchange.info/programs/cdbg-dr/>. HUD will consolidate grantee extension approvals for publication. Therefore, extension approval is effective as of the date of the extension approval letter, rather than as of the date the approval is published on the HUD web site."

The first paragraph Section II.A.2 of the June 7, 2016 notice is also amended to read:

"For any portion of funds that the grantee believes will not be expended by the deadline and that it desires to retain, the NOFA required the Grantee to submit a letter to HUD justifying why it is necessary to extend the deadline for a specific portion of the funds. Appendix E of the NOFA also required Applicants to submit extension requests with the application if the Applicant submitted a schedule that indicated time needed for completion of the proposal exceeds 24 months. Some Applicants submitted extension requests to HUD within their

applications and such extensions were considered within the application review process. If granted, any extensions will be published on the HUD web site at: <https://www.hudexchange.info/programs/cdbg-dr/>. Under the NOFA, grantees that did not submit an extension request with their Applications are eligible to request an extension prior to the expiration of the twenty-four month deadline for the expenditure of obligated funds. As required by Appendix E of the NOFA, the extension request must justify the need for the extension, detail the compelling legal, policy or operational challenges necessitating the extension, and identify the date when funds covered by the extension will be expended. The Grantee must justify how, under the proposed schedule, the Project will proceed in a timely manner. For example, large and complex infrastructure Projects are likely to require more than 24 months to complete. An extension request for such a Project should justify the new timeline for any proposed extension by comparing it to completion deadlines for other similarly sized Projects."

#### **V. New LMI National Objective Criteria for Buyouts and Housing Incentives (Applicable to Multiple Appropriations)**

Historically, various **Federal Register** notices published by HUD have authorized CDBG-DR grantees to carry out "buyouts," which have been generally limited to the acquisition of properties located in a floodway or floodplain or Disaster Risk Reduction Area for pre- or post-flood value for the purpose of reducing risk from future disasters. These notices also generally prohibit redevelopment of property acquired through buyouts. Certain previous CDBG-DR **Federal Register** notices also waive 42 U.S.C. 5303(a) and associated regulations to allow grantees to offer housing incentives to resettle beneficiaries who were in disaster-affected communities. As described in those notices, housing incentives are usually offered to encourage households to relocate to a suitable housing development or to an area promoted by the community's comprehensive recovery plan, and may be in addition to acquisition or buyout awards.

In this notice, HUD is establishing an alternative requirement to clarify the criteria under which buyout activities and housing incentives can meet an LMI national objective. Grantees authorized to use housing incentives as described above, must continue to comply with the other eligibility requirements of applicable **Federal Register** notices

governing those incentives—specifically, the requirement that grantees "providing housing incentives must maintain documentation, at least at a programmatic level, describing how the amount of assistance was determined to be necessary and reasonable. In addition, the incentives must be in accordance with the grantee's approved Action Plan and published program design(s). Note that this waiver does not permit a compensation program. Additionally, a grantee may require the incentive to be used for a particular purpose by the household receiving the assistance."

The CDBG regulations limit activities that meet the LMI national objective to only the activities meeting the four established criteria in 24 CFR 570.208(a)(1) through (4) and 570.483(b)(1) through (4). Prior **Federal Register** notices have advised grantees of the criteria under which a buyout activity can meet a LMI housing (LMIH) national objective (80 FR 72102). Notwithstanding that guidance, however, HUD has determined that providing CDBG-DR grantees with an additional method to demonstrate how buyouts and housing incentives can assist LMI households, beyond those described in the previous notices, will ensure that grantees and HUD can account for and assess the benefit that CDBG-DR assistance may have on LMI households when buyouts and housing incentives are used in long term recovery. Given the primary objective of the HCDA to assist low- and moderate income persons, the Secretary has determined that there is good cause to establish an alternative requirement under which CDBG-DR grantees are authorized to qualify the assistance provided to LMI persons through buyout and housing incentive programs, due to the benefits received by the individuals that receive buyout and housing incentive awards that allow them to move from areas that are likely to be affected by future disasters.

In addition to the existing criteria at 24 CFR 570.208(a)(1)-(4) and 570.483(b)(1)-(4), HUD is establishing an alternative requirement to include two new LMI national objective criteria for buyouts (LMB) and housing incentives (LMIH) that benefit LMI households that use CDBG-DR funding provided by Public Law 113-2, 114-113, 114-223, 114-254 and 115-31.

For a buyout award or housing incentive to meet the new LMB and LMIH national objectives, grantees must demonstrate the following:

- (1) The CDBG-DR funds have been provided for an eligible buyout activity that benefits LMI households by

supporting their move from high risk areas. The following activities shall qualify under this criterion, and must also meet the eligibility criteria of the notices governing the use of the CDBG-DR funds:

(a) **Low/Mod Buyout (LMB).** When CDBG-DR funds are used for a buyout award to acquire housing owned by a qualifying LMI household, where the award amount is greater than the pre-disaster fair market value of that property;

(b) **Low/Mod Housing Incentive (LMHI).** When CDBG-DR funds are used for a housing incentive award, tied to the voluntary buyout or other voluntary acquisition of housing owned by a qualifying LMI household, for which the housing incentive is for the purpose of moving outside of the affected floodplain or to a lower-risk area; or when the housing incentive is for the purpose of providing or improving residential structures that, upon completion, will be occupied by an LMI household.

(2) Activities that meet the above criteria will be considered to benefit low and moderate income persons unless there is substantial evidence to the contrary.

Any activities that meet the newly established national objective criteria described above will count towards the calculation of a CDBG-DR grantee's overall LMI benefit to comply with the primary objective described in 24 CFR 570.200(a)(3) and 24 CFR 570.484(b).

Grantees receiving an allocation of CDBG-DR funds pursuant to the following appropriations acts must specifically request a waiver and alternative requirement from HUD in order apply the new national objective criteria established in this section of the notice: Public Law 109-148, 109-234, and 110-116 (Katrina, Rita, and Wilma); Public Law 110-252 and 110-328 (2008 Disasters), Public Law 111-112 (2010 disasters), and Public Law 112-65 (2011 disasters).

#### VI. Catalog of Federal Domestic Assistance

The Catalog of Federal Domestic Assistance numbers for the disaster recovery grants under this notice are as follows: 14.218; 14.228; and 14.269.

#### VII. Finding of No Significant Impact

A Finding of No Significant Impact (FONSI) with respect to the environment has been made in accordance with HUD regulations at 24 CFR part 50, which implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). The FONSI is available for public inspection between 8 a.m. and 5 p.m. weekdays in the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street SW., Room 10276, Washington, DC 20410-0500. Due to security measures at the HUD Headquarters building, an advance appointment to review the docket file must be scheduled by calling the Regulations Division at 202-706-3055 (this is not a toll-free number). Hearing- or speech-impaired individuals may access this number through TTY by calling the Federal Relay Service at 800-877-8339 (this is a toll-free number).

Dated: July 31, 2017.

Janet Gelrick,

Acting Deputy Secretary.

(FR Doc. 2017-16411 Filed 8-4-17; 8:45 am)

BILLING CODE 4210-40-P

#### DEPARTMENT OF THE INTERIOR

##### Fish and Wildlife Service

[Docket No. FWS-HQ-IA-2017-0037; FOIA1671090000-156-FF08A30000]

##### Foreign Endangered Species; Issuance of Permits

AGENCY: Fish and Wildlife Service, Interior.

**ACTION:** Notice of issuance of permits.

**SUMMARY:** We, the U.S. Fish and Wildlife Service (Service), have issued the following permits to conduct certain activities with endangered species, marine mammals, or both. We issue these permits under the Endangered Species Act (ESA).

**ADDRESSES:** Documents and other information submitted with these applications are available for review, subject to the requirements of the Privacy Act and Freedom of Information Act, by any party who submits a written request for a copy of such documents to the U.S. Fish and Wildlife Service, Division of Management Authority, Branch of Permits, MS: IA, 5275 Leesburg Pike, Falls Church, VA 22041; fax (703) 358-2281. To locate the **Federal Register** notice that announced our receipt of the application for each permit listed in this document, go to [www.regulations.gov](http://www.regulations.gov) and search on the permit number provided in the tables in **SUPPLEMENTARY INFORMATION**.

**FOR FURTHER INFORMATION CONTACT:** Joyce Russell, (703) 358-2023 (telephone); (703) 358-2281 (fax); or [DMAFR@fws.gov](mailto:DMAFR@fws.gov) (email).

**SUPPLEMENTARY INFORMATION:** On the dates below, as authorized by the provisions of the ESA, as amended (16 U.S.C. 1531 *et seq.*), we issued requested permits subject to certain conditions set forth therein. For each permit for an endangered species, we found that (1) the application was filed in good faith, (2) the granted permit would not operate to the disadvantage of the endangered species, and (3) the granted permit would be consistent with the purposes and policy set forth in section 2 of the ESA.

#### ENDANGERED SPECIES

Permit No.	Applicant	Receipt of application Federal Register notice	Permit issuance date
12500C .....	Charles Waibel .....	82 FR 4914 January 17, 2017 .....	4/13/2017
06382C .....	Richard Kilian .....	82 FR 4914 January 17, 2017 .....	4/13/2017
15671C .....	New Mexico State University/Timothy F. Wright .....	82 FR 4914 January 17, 2017 .....	3/27/2017
93085B .....	University of South Carolina .....	81 FR 63788 September 16, 2016 .....	1/12/2017
20914Z .....	Adalgisa Cascone .....	82 FR 14742 March 22, 2017 .....	4/25/2017
13615C .....	Stevens Forest Ranch .....	82 FR 13486 March 13, 2017 .....	05/01/17