Using CDBG and HOME Funds for Disaster Planning and Recovery

HUD's Office of Community Planning and Development (CPD) administers a number of formula grant programs to states and local governments for housing and community development (HCD) activities that principally benefit low- and moderate-income (LMI) individuals: Community Development Block Grant (CDBG); HOME Investment Partnership Program (HOME); Emergency Solutions Grants (ESG); and Housing Opportunities for Persons with AIDS (HOPWA).

A hallmark of these programs is the ability for grantees to use the CPD planning process to undertake pre-disaster planning, and the flexibility to reprogram current and/or future funds to carry out or supplement disaster recovery activities when other disaster resources have been exhausted. To participate in the CDBG program, grantees must undergo a planning process and submit a Consolidated Plan to HUD every 3 to 5 years (depending on the grantee). This process is a framework for community-wide dialogue and helps identify HCD priorities that align and focus CPD program funds. Pre-disaster planning can be incorporated into the planning and citizen participation processes, ensuring that plans address the potential use of CPD funds in the event of a disaster and recovery activities are carried out more quickly.

CDBG funds can be used for interim assistance activities that alleviate disaster-related emergency conditions, including assistance not fully covered by the Federal Emergency Management Agency (FEMA) and supplemental CDBG Disaster Recovery (CDBG-DR) funds (considered separate from the broader CDBG program funds). Grantees may use their regular CDBG allocations to fund public services that benefit disaster victims, such as emergency grant payments made to insurance providers on behalf of an income-eligible individual or family. CDBG-funded activities typically have to meet the main national objective of benefiting LMI persons. However, funds can still be used to undertake disaster-related activities that meet the program’s other two national objectives: aiding in the prevention or elimination of slums (e.g., rehabilitation of buildings) and meeting an urgent need (e.g., remediation of a contaminated property).

HOME funds cannot be used for immediate post-disaster cleanup or restoration of service activities, however, these funds can be a potential financing source for long-term housing recovery efforts. Funds can be used to repair, rehabilitate or rebuild damaged properties or to construct new housing to meet the community’s post-disaster housing needs. Funds can also be provided for direct homeownership assistance for affected households or for tenant-based rental assistance (TBRA) to households displaced by a disaster that cannot receive FEMA assistance.

Over the last 10 years, there have been an average of 63 Presidential-declared major disasters a year, but many more disasters than that hit communities across the nation in a given a year, and many communities do not receive supplemental disaster funding from Congress. This is one reason why it is important for Congress to maintain level funding for the CDBG and HOME programs; these programs provide leverage power and allow disaster planning and recovery activities to be placed in the hands of states and local governments. See HUD Notice CPD-17-06 to learn more about how CPD funds can be used for disaster planning and recovery.

HUD Expedited Waiver Process for PHAs in Disaster Areas:

HUD published a notice that established an expedited process for waiver requests for PHAs that are in Major Disaster Declaration Areas (MDD PHAs). PHAs in all Major Disaster Declaration areas declared in 2017 were able to use the flexibilities granted in the notice. A MDD PHA was also able to request a waiver that was not listed and still receive expedited review of the request.
Community Development Block Grant – Disaster Recovery Program

Last September, President Trump signed H.R. 601 into law, providing $15.25 billion in disaster relief for victims of Hurricane Harvey. Of the amount, $7.4 billion goes to the Federal Emergency Management Agency (FEMA) to help meet immediate needs, and $450 million to the Small Business Administration (SBA) for disaster-relief loans. The remaining $7.4 billion goes to the Department of Housing and Urban Development (HUD) Community Development Block Grant Disaster Recovery (CDBG-DR) program for disaster relief and long-term recovery.

After a major disaster, Congress may appropriate disaster recovery funds through the Community Development Block Grant (CDBG) program. CDBG is a popular federal program that provides flexible annual grants to states and local governments to help meet their community development needs. CDBG activities are initiated and developed at the local level with community input, and principally benefit low- and moderate income (LMI) persons. CDBG-DR funds are considered separate from the annual allocations provided under the broader CDBG program, but HUD administers the CDBG-DR program through CDBG’s statutory and regulatory framework.

CDBG-DR dollars are only available to states and local governments located in major disaster declared areas; individuals, communities, and organizations cannot apply for funds. Eligible CDBG-DR activities generally fall into the broad categories of economic revitalization, restoration of infrastructure, and housing (which may include the rehabilitation of public housing units) in the most impacted and distressed areas. CDBG-DR funds cannot duplicate other disaster assistance (e.g., FEMA, the Army Corps of Engineers) available to impacted communities and their residents.

CDBG-DR is allocated through a formula, which considers each community’s unmet recovery needs and capacity to administer disaster funds. The allocation method and grant awards are published by HUD through a Federal Register notice. This notice lays out the program rules such as eligible recovery activities, program requirements, and any waivers and alternative requirements. Notably, HUD can waive, or specify alternative requirements for, most of the program’s governing statutes and regulations. At the time of publication of this document, HUD had not issued the notice related to H.R. 601 funds but in December 2017, HUD issued a notice that gave direction on how to use CDBG-DR funds from the FY 2017 Appropriations Act in the State of Texas for Hurricane Harvey recovery.

Grantees must engage in citizen participation activities throughout their grant life-cycle. To receive funds, an Action Plan detailing the proposed use of disaster funds must be drafted, published for public comment, and submitted to HUD for approval. Affordable housing stakeholders in affected areas should participate in this planning process, which allows the public to give input on how disaster funds are spent locally. Much more will be needed to address the destruction caused by hurricanes Irma and Marie. When H.R. 601 was made law, Irma was on a path towards the U.S. and just making landfall in the Bahamas. While appropriation language allows funds to go towards all major disasters declared in 2017, the $15 billion will be largely taken up by victims of hurricanes Harvey and Irma; additional funding is needed to address the humanitarian crises in Puerto Rico and U.S. Virgin Islands, while still continuing the recovery efforts in Texas, Louisiana, and Florida.

Other CDBG-DR activities include:

- Buying damaged properties in a floodplain and relocating residents;
- Relocation payments for people and businesses displaced by the disaster;
- Debris removal not covered by FEMA;
- Rehabilitation of homes and buildings damaged by the disaster;
- Buying, constructing, or rehabilitating public facilities such as streets, neighborhood centers, and water, sewer and drainage systems;
- Code enforcement;
- Homeownership activities for disaster victims, such as down payment assistance and interest rate subsidies;
- Public services;
- Helping businesses retain or create jobs in disaster impacted areas;
- Planning and Administration costs.

For up-to-date information on this issue and other affordable housing issues go to www.nahro.org/resource-center and follow the NAHRO blog at www.nahroblog.org