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# Looking Ahead: Preparing for CDBG-DR Application

Presented by:

NCACC DISASTER RECOVERY TEAM





# MAIN OBJECTIVES

- What is CDBG-DR?
- What is the CDBG-DR Allocation Process?
- What are the State's Priorities?
- Who are the Eligible Entities or Applicants?
- Who will implement Certain Programs (State, County, and Contractor Selected by the State)?
- What are the Eligible Activities/Costs?
- How Should I Begin Preparing for the State's Application for CDBG-DR Funding?
- What Kind of Assistance Will I receive from NCACC?



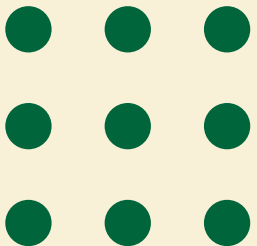
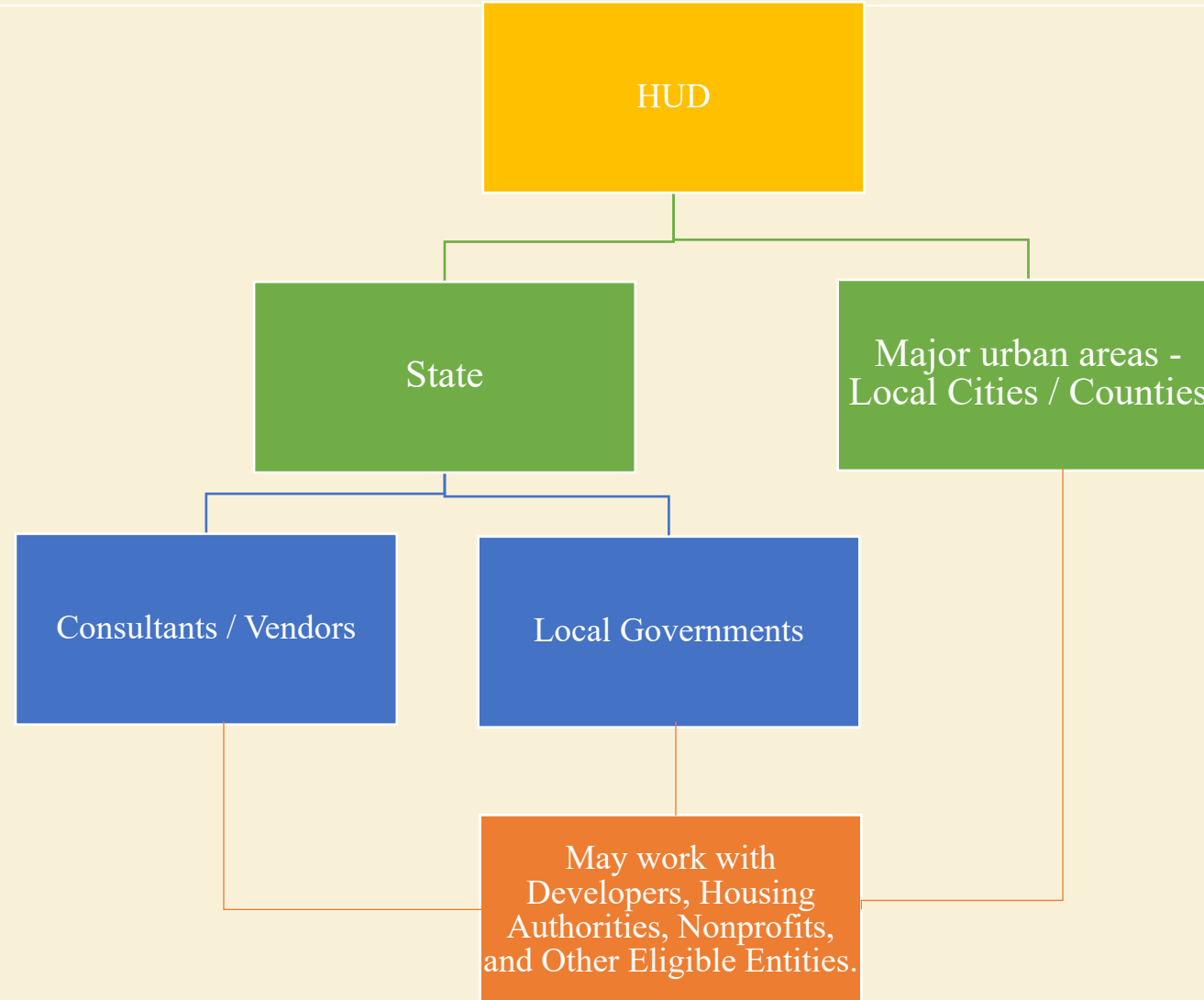
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## WHAT IS CDBG-DR

- Enacted in the early 1990's, the Community Development Block Grant – Disaster Recovery (CDBG-DR) is a federal program designed to provide flexible grants to help communities recover from Presidentially declared disasters.
- Administered by the U.S. Department of Housing and Urban Development (HUD).
- Funds are appropriated by Congress and allocated by HUD to rebuild disaster-impacted areas and provide crucial seed money to start the long-term recovery process.
- CDBG-DR is administered by States and grantees
- Focus on rebuilding, revitalization, and mitigation efforts in areas impacted by disasters.



# TYPICAL CDBG-DR FUNDING FLOW





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# STATE'S PRIORITIES



- **Housing Recovery**

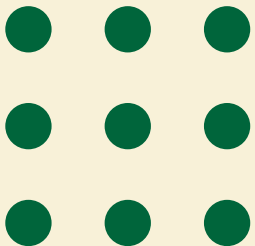
- Reconstruction/Rehabilitation for Owner-Occupied Units (\$807M\*)
- Multifamily Rental Housing (\$191M\*)
- Workforce Housing (\$53M\*)

- **Community Infrastructure (\$193M\*)**

- **Commercial District Revitalization (\$111M\*)**

- **Administration (\$71M)**

\*Includes a portion of the CDBG-DR mitigation set-aside





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# MAIN ELIGIBILITY CRITERIA FOR CDBG- DR PROJECTS

## Tie to the disaster [DR—4827-NC]

- All projects must **address an unmet need** or provide **mitigation** directly related to **Tropical Storm Helene**.
- The need must be documented with:
  - Damage assessments
  - Impact narratives
  - Repair estimates or photos
  - FEMA or insurance data (if available)



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# MAIN ELIGIBILITY CRITERIA FOR CDBG- DR PROJECTS (CONT'D)

## Meet a National Objective (24 CFR 570.208/570.483)

Every project must meet **one of HUD's National Objectives**:

- **LMI Benefit:** Directly benefits low- and moderate-income individuals or households ( $\leq 80\%$  of AMI)
  - Examples: affordable housing, job creation, or area-wide benefit
- **Urgent Need (UN):** Addresses serious threat to health or safety and no other financial resources are available

Note: While "Elimination of Slums and Blight" is a national objective recognized by HUD regulations (24 CFR 570.483(c)), it requires substantial documentation and is rarely used at the local government level for projects. Applicants should consult with the State prior to proposing activities under this objective.



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# MAIN ELIGIBILITY CRITERIA FOR CDBG- DR PROJECTS (CONT'D)

## Located in a Most Impacted and Distressed (MID) area

- Projects must take place within the Combined MID (Most Impacted and Distressed) area, which includes:
  - HUD-Identified MID areas ( $\geq 80\%$  of funds must be spent here)
  - State-Identified MID areas ( $\leq 20\%$  of funds can be used here)
- All funding is restricted to these eligible areas.



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# OTHER ELIGIBILITY CRITERIA FOR CDBG- DR PROJECTS

## Other Requirements:

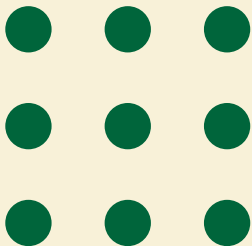
- Eligible activity under federal law (e.g. housing rehabilitation, infrastructure repair, economic revitalization, acquisition, public facility improvements, and mitigation.
- Include mitigation measures (where required)
- Cost reasonableness and duplication of benefits
- Environmental review compliance (24 CFR Part 58)
- Procurement and financial management standards (2 CFR Part 200)
- Labor standards
- Affordability and use restrictions (for housing programs)
- Consistency with the State Action Plan and program guidelines



# TARGETED AREAS

## Most Impacted and Distressed Areas (MID)

Disaster Qualifier DR-4827-NC (Tropical Storm Helene)	Counties	Percentage of CDBG-DR Funding Made Available
<b>HUD-Identified Counties</b>	Ashe; Avery; Buncombe; Burke; Haywood; Henderson, McDowell; Mitchell; Rutherford; Transylvania; Watauga; Yancey	Minimum of 80%
<b>Expanded HUD-Identified Counties</b>	Caldwell (zip code 28645); Cleveland (zip code 28150); Madison (zip code 28753); Polk (zip code 28782)	
<b>Partial HUD-Identified MID Area</b>	Mecklenburg County (specifically zip code 28214)	
<b>State-Identified MID counties</b>	Alexander; Alleghany; Catawba; Clay; Gaston; Jackson; Lincoln; Macon; Surry; Swain; Wilkes; Yadkin	Maximum of 20%

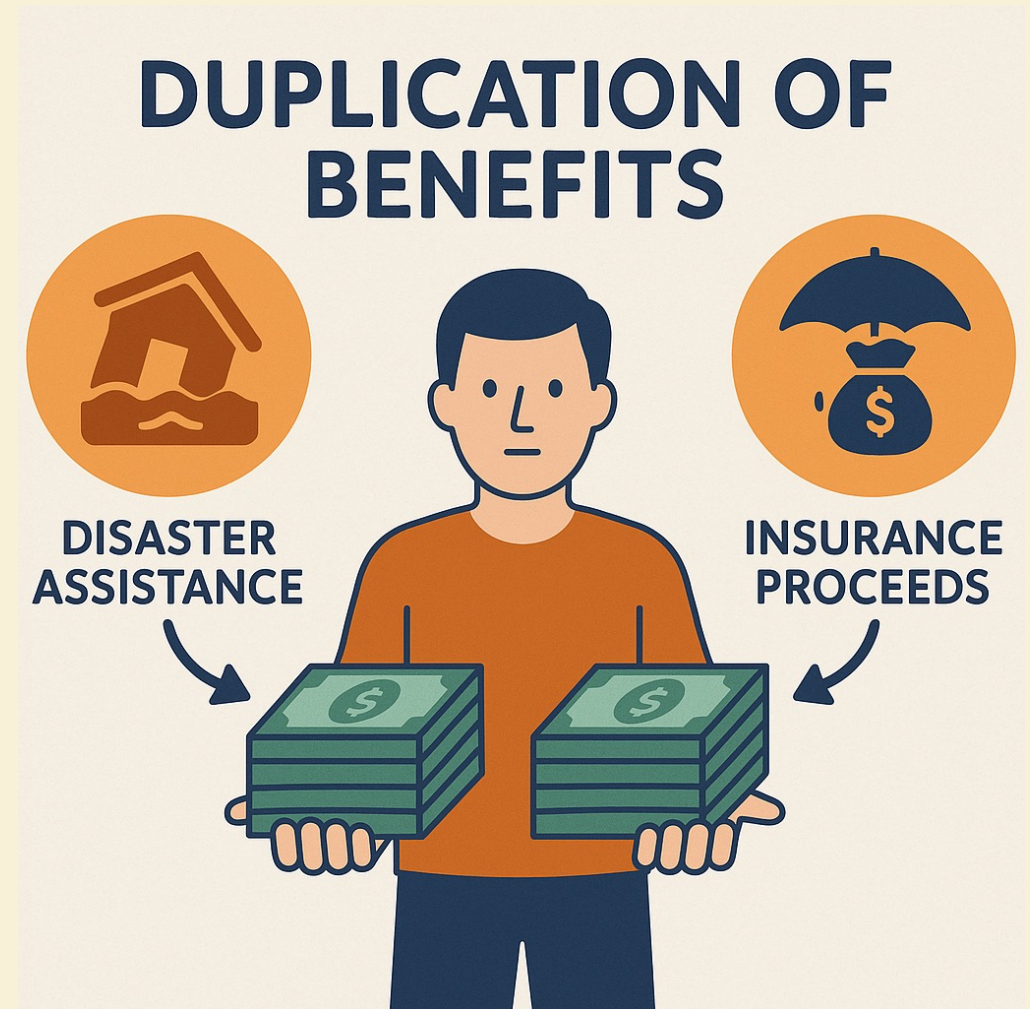




# DUPLICATION OF BENEFITS (DOB)

## What Counties Need to Know

- DOB occurs when the recipient receives multiple forms of assistance for the same disaster-related need.
- CDBG-DR funds are intended to address \*unmet\* needs, not to duplicate other support.
- Grantees must assess all sources of assistance (FEMA, insurance, SBA, etc.).
- If total assistance exceeds total need, that excess = duplication and must be addressed.





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# DUPLICATION OF BENEFITS (DOB) (CONT'D)

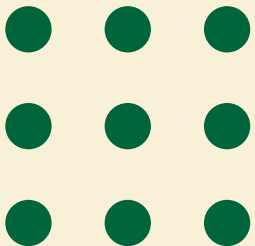
## Preventing and Managing DOB

- Grantees must conduct a DOB analysis for each applicant or project.
- Only unmet needs are eligible for CDBG-DR funding.
- Certain funds may be excluded if they were used for different purposes or costs.
- A formal agreement to repay must be signed if DOB is discovered later.
- Future training will cover calculation methods and special cases.



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# CDBG-DR PRIORITY ACTIVITIES





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# RECONSTRUCTION / REHABILITATION HOUSING ACTIVITIES

**Total Funding Available: \$807M**

## Who Can Apply?

- Homeowners impacted by Tropical Storm Helene
- Priority: Households under 60% of AMI
- Must have owned and lived in the home at the time of disaster

## Housing Types Covered:

- Stick-built / Modular
- Manufactured Housing Units (MHUs) – must be part of permanent housing stock

## Eligible costs:

- Repair: Minor / moderate damage (up to \$25,000 for MHUs <5 years old)
- Reconstruction: Homes not suitable for rehabilitation
- Replacement: MHUs >5 years old or heavily damaged
- Mitigation / resilience (e.g. elevation)





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# Multifamily Housing

**Total Funding Available: \$191M**

## **Who Can Apply?**

- Public Sector: Local Governments and Housing Authorities  
Private Developers
- Nonprofits, Community Housing Development Organizations (CHDOs), and Community-Based Development Organizations (CBDOs)

## **Eligible Uses of Funds:**

- Acquisition, rehab, reconstruction, new construction
- Mitigation: flood-proofing, elevation, resilient materials
- Accessibility improvements, lead paint remediation
- Relocation and other eligible costs





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# Multifamily Housing (Cont'd)

Small Projects:  $\leq 7$  units | Grants: \$250K–\$1.5M | Open application

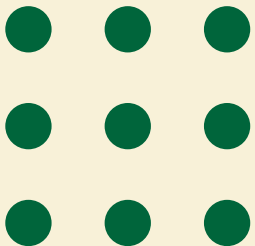
Large Projects:  $\geq 8$  units | Grants: \$500K–\$15M | Competitive rounds

## Funding Targets

- 30% for small projects
- 70% for large projects
- Mitigation: 10% reserved for safety features and resilience

## Priorities and Rules

- Rent limits will follow standards established under the Home Investment Partnerships Program (HOME)
- 20-year affordability
- Serve LMI households ( $\leq 80\%$  AMI)
- Must be in Combined MID Area





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# Workforce Housing for Ownership (WHO)

**Total Funding Available: \$53.38M**

**Grants range: \$2M - \$5M per project**

## Who Can Apply?

- Local governments
- Nonprofits and for-profit developers
- CHDOs / CBDOS

## Examples of Eligible Costs

- Acquisition
- Rehabilitation or reconstruction
- New construction
- Accessibility upgrades
- Demolition
- Relocation and tenant support
- Disaster mitigation



## Homes must be:

- Sold to LMI households ( $\leq 80\%$  AMI)
- Priced affordably
- Located in MID areas only



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# COMMUNITY INFRASTRUCTURE

**Total Funding Available: \$193.5M**

**Grants range: \$500K - \$15M**

## Who Can Apply?

- Local governments

## Examples of Eligible Costs & Activities

- Acquisition
- Construction
- Reconstruction of public infrastructure
- Site improvements, clearance, code enforcement
- Resilient upgrades to existing FEMA-funded projects
- Removal of architectural barriers
- Lead-based paint mitigation



## Prioritization Factors:

- Projects that benefit LMI areas
- Shovel-ready with matching funds
- Long-term housing benefit or resiliency
- Strong alignment with local recovery plans



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# ECONOMIC REVITALIZATION



**Total Funding Available: \$111.14M**

**Grants range: \$500K - \$10M**

## **Who Can Apply?**

- Local governments
- Nonprofit organizations

## **Examples of Eligible Costs**

- Acquisition of property
- Construction and installation of public facilities
- Clearance, rehabilitation, reconstruction, or construction of buildings
- Removal of architectural barriers
- Demolition or site preparation
- Assistance for for-profit businesses pay for physical repairs or improvements to storefronts or commercial spaces
- Façade improvement
- Mixed-Use Development

## **Other Key Features:**

Must follow HUD's national objectives:

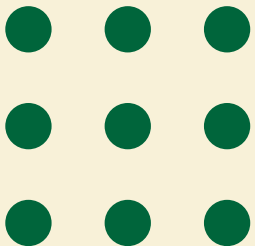
- LMI job creation or area benefit
- Slum/blight elimination
- Urgent need
- Priority given to areas with high LMI populations



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# WHAT SHOULD COUNTIES BEGIN DOING?

- Review the State's Action Plan sections for each program and understand the eligible activities and costs
- Identify the target population (e.g. LMI households, damaged areas)
- Gather local data and documentation
  - Damage assessments (photos, costs, locations)
  - Maps of impacted areas
  - Existing plans (comprehensive plans, housing studies, capital improvement plans)
  - List of critical infrastructure or commercial assets needing repair
  - Demographic info (LMI status, housing needs, business closures)





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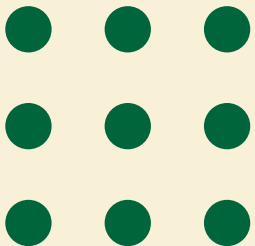
# WHAT SHOULD COUNTIES BEGIN DOING? (CONT'D)

- Engage stakeholders (Town councils, commissioners, housing providers, business owners, community-based nonprofits, utility departments)
- Identify project partners (e.g. developers, contractors, nonprofits)
- Determine Local capacity and Needs
  - Assess staffing and skill gaps (engineering, grant writing, finance)
- Identify and prioritize projects
  - Select projects that meet unmet recovery needs
  - Prioritize “shovel-ready” projects or those aligned with local plans
  - Ensure project are:
    - ● ● ■ Located in HUD/State-identified MID areas
    - ● ● ■ Serving LMI populations or helping with housing recovery
    - ● ● ■ Able to include mitigation features



# WHAT SHOULD COUNTIES BEGIN DOING? (CONT'D)

- Begin pre-development work
  - Secure site control (for housing projects)
  - Draft conceptual designs or scopes of work
  - Estimate costs using similar past projects or contractor input
  - Identify other funding sources to leverage project costs
- Stay connected with the State and NCACC
  - Attend informational sessions or webinars
  - Sign up for updates or notifications from the NCDOC
  - Build relationships with state program staff and NCACC liaisons
  - Ask clarifying questions early



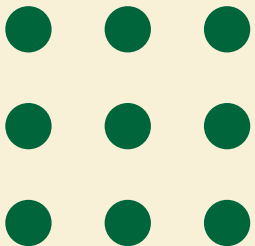


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# WHAT SHOULD COUNTIES BEGIN DOING? (CONT'D)

## Prepare administrative infrastructure

- Set up or update SAM.gov registration
- Confirm DUNS/UEI number
- Ensure procurement policies are up to date (2 CFR 200 compliance)
- Assign local staff or designate someone as the point of contact
- Work with NCACC to identify local needs and discuss ways NCACC staff can assist with grant application submission and addressing capacity issues.





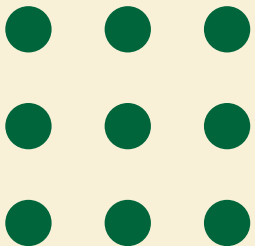
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# INELIGIBLE ACTIVITIES

- 1.Compensation to Beneficiaries:** CDBG-DR funds cannot be used as compensation to beneficiaries.
- 2.Forced Mortgage Payoff:** Funds cannot be used to force homeowners to pay off their remaining mortgage balances.
- 3.Activities Not Authorized Under Section 105(a) of the HCDA:** Any activity not authorized under Section 105(a) of the Housing and Community Development Act (HCDA) is ineligible unless explicitly allowed by a waiver or alternative requirement in the Universal Notice.

## Reference:

HUD CDBG-DR Universal Notice (2025), Section III.E. Ineligible Activities

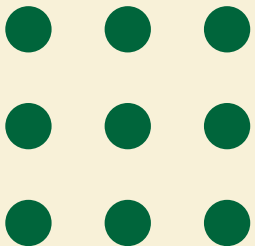




# COMMON INELIGIBLE ACTIVITIES

**Unless authorized by the Disaster Recovery Notice or Waivers, common ineligible activities include:**

- General government expenses (like operating expenses of local government buildings).
- Political activities.
- Purchase of equipment (with limited exceptions).
- Construction of new housing (unless authorized by the Disaster Recovery Notice or waivers).
- Maintenance and operation costs.
- Income payments to individuals (e.g., subsistence or welfare-type payments).

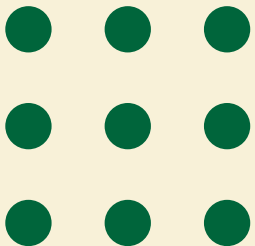




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If you need further assistance or have any questions, please contact the

NCACC Disaster Recovery Team [countyrecovery@ncacc.org](mailto:countyrecovery@ncacc.org)





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# Key Resources

Lead Agency for CDBG-DR Implementation:

- <https://www.commerce.nc.gov/grants-incentives/disaster-recovery>

HOUSE BILL 47: Disaster Recovery Act of 2025 - Part I

[https://dashboard.ncleg.gov/api/Services/BillSummary/2025/H47-SMCW-2\(CSNBa-1\)-v-6](https://dashboard.ncleg.gov/api/Services/BillSummary/2025/H47-SMCW-2(CSNBa-1)-v-6)

NC Department of Commerce's CDBG-DR Final Action Plan

- <https://www.commerce.nc.gov/2025-04-17hud-action-plancdbg-draproved/download?attachment>

CDBG-DR Fact Sheet

- <https://files.hudexchange.info/resources/documents/CDBG-DR-Fact-Sheet.pdf>

CDBG-DR Data, Reports, Laws, Regulations, and Federal Register Notices

- <https://www.hudexchange.info/programs/cdbg-dr/>

CPD Appropriations Budget/Allocations

- [https://www.hud.gov/program\\_offices/comm\\_planning/budget](https://www.hud.gov/program_offices/comm_planning/budget)

HUD Income Limits: <https://www.huduser.gov/portal/datasets/il.html> and HUD Rent Limits: <https://www.huduser.gov/portal/datasets/HOME-Rent-limits.html>

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- [www.ncacc.org](http://www.ncacc.org)