



# CDBG-DR Funding Overview

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# Overview



In 2021, flooding and tornados resulted in Major Disaster Declarations, which qualified the Commonwealth of Kentucky to receive long-term disaster recovery funding.



In September 2021, Congress appropriated \$5 billion in Community Development Block Grant Disaster Recovery funds (CDBG-DR) for disasters that occurred in both 2020 and 2021.



In May 2022, HUD allocated funds for those who experienced disasters in 2021. Kentucky will receive \$74,953,000, of which \$9,777,000 will be used for mitigation.



CDBG-DR funds will aid Kentucky's citizens in recovery from these devastating storms and strengthen impacted communities to help prevent future damage to homes, businesses, and public infrastructure.



**\$74,953,000**

Allocated to Kentucky



# What are CDBG-DR Funds?

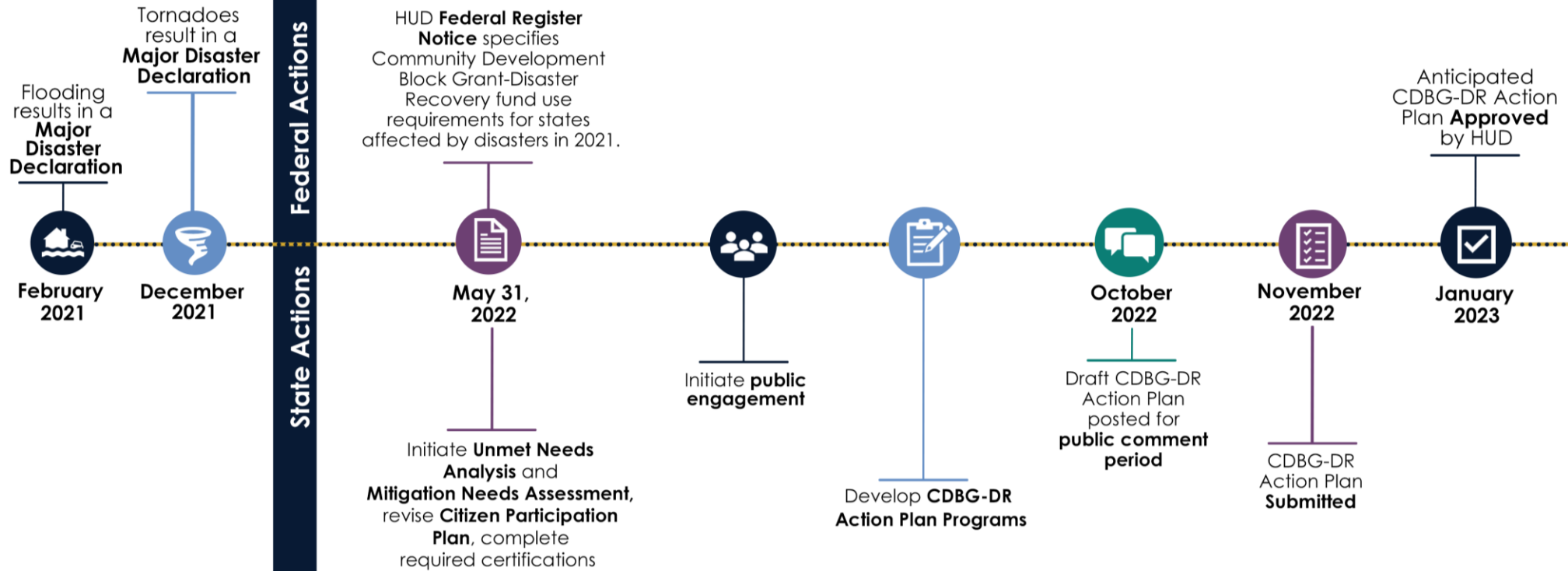


CDBG-DR funds are used to help the most impacted and distressed areas recover.

- CDBG-DR funding can be used for long-term recovery projects such as housing, economic revitalization and restoring infrastructure.
- It is considered last resort funding and is used to address unmet or mitigation needs that other federal programs haven't been able to meet.
- A portion of the funds will be made available to address mitigation needs to make impacted communities more resilient to current and future risks, which can include infrastructure, planning, housing, and economic revitalization activities.

# Process to Receive CDBG-DR Funds

# Action Plan Timeline



# Unmet Needs Analysis



The state must conduct an analysis of the impact the disaster had and the resulting needs that have not been addressed through other funding sources.

Recovery Needs



Available Resources to Cover Needs



Unmet  
Needs



For the first time ever, Congress has included mitigation funds with CDBG-DR funding to help communities be better prepared to withstand future disasters.

This is good news for Kentucky, but it also means the state must assess its risks, working with local jurisdictions and communities across the impacted areas.



Once unmet and mitigation needs are identified, the state will develop programs to meet those needs and create an Action Plan.

The plan will outline how CDBG-DR funds will be utilized across programs and distributed in the impacted areas.

Once the Action Plan is developed, it will be shared with the public to collect feedback on the plan. After a **30-day public comment period**, feedback will be incorporated into the plan, and it will be submitted to HUD for review and approval.



# Action Plan Citizen Participation Requirements

## Stakeholders

- State agencies
- Indian tribes
- Local governments
- Federal partners
- Nongovernmental organizations
- Private sector
- Organizations that advocate on behalf of members of protected classes, vulnerable populations, and underserved communities impacted by the disaster
- Citizens

After the creation of the Action Plan and before submitting to HUD:



Publish for public comment on DLG disaster recovery website (minimum of 30 days)



Hold at least one public hearing during public comment period – virtual or in person



Must respond to all comments received



The Survey is still live and available to participate in.

**Community participation is essential**, as the state develops an Action Plan and identifies priority long-term recovery needs. Residents and local government officials are encouraged to participate in the survey. It will help inform the Action Plan, specifically further understand how people were impacted and the needs that are still unmet. It will also provide guidance for recovery funding allocations and the types of program development.

Web Address: [kydlgweb.ky.gov/FederalGrants/16\\_DRP.cfm](http://kydlgweb.ky.gov/FederalGrants/16_DRP.cfm)



Learn about the CDBG-DR program



Take the unmet needs survey

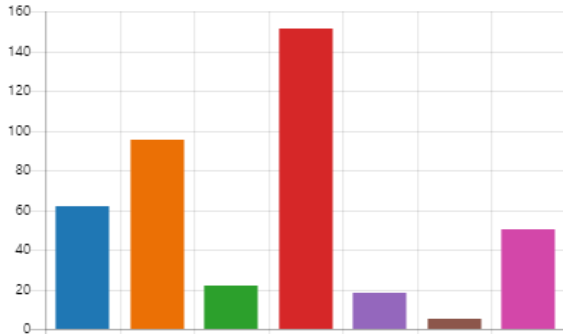


Sign up for updates about the CDBG-DR program from DLG



# Unmet Needs Survey – Results so far

## 259 Resident Responses



Lost property and/or was permanently displaced from my home	62
Significant property damage	95
Evacuated but no property losses	22
Lived in a community impacted by the storm	151
Not personally/directly affected	18
Not impacted	5
Other	50

Build back better: Rebuild homes and communities, so they are better prepared to withstand future disasters.

- Agree 251
- Disagree 3
- Other 7



Housing and community recovery go together: A complete recovery means survivors of the storms of 2021 have appropriate housing and impacted communities have the resources to address their needs.

- Agree 248
- Disagree 9
- Other 3



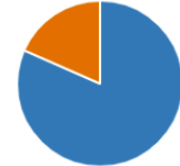
Advance equity and racial justice: Give priority to those who face the greatest challenges for recovery.

- Agree 198
- Disagree 35
- Other 31



Do you agree that the biggest need for recovery from the storms of 2021 is rebuilding housing?

- Agree 217
- Disagree 49



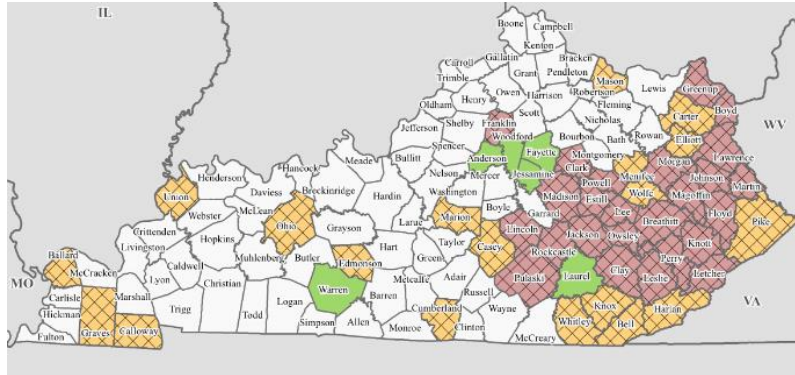
Survey ask participants to rank the following priorities with 1 being the least important and 5 being the most important

<b>Housing recovery assistance for low- to moderate-income individuals</b>	
Average importance score	<b>4.33</b>
Housing recovery assistance for residents of all incomes	
Average importance score	3.95
New construction of Housing	
Average importance score	3.56
Rehabilitation of existing housing	
<b>Average importance score</b>	<b>4.07</b>
Infrastructure investments with hazard mitigation (e.g., sewer separation, pump station improvements, and drainage improvements)	
Average importance score	3.71

# CDBG-DR Programming Requirements and Examples

# HUD Federal Register: Expenditure Requirements

FEMA-4595-DR, Kentucky Disaster Declaration as of 06/25/2021

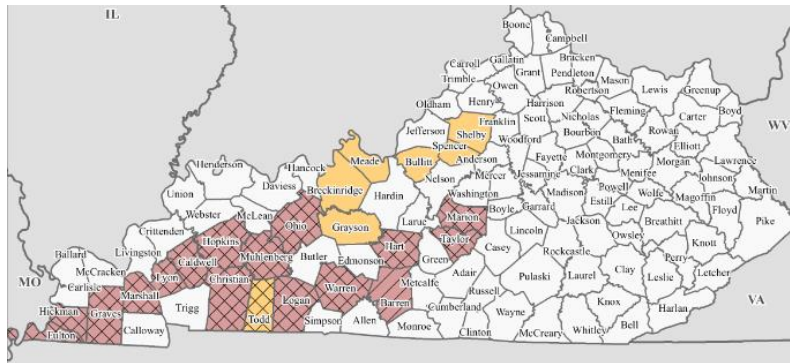


- Designated Counties**
- No Designation
  - Individual Assistance
  - Individual Assistance and Public Assistance (Categories A - G)
  - Public Assistance (Categories A - G)

**CDBG-DR Total Allocation \$74,953,000**

**70%** of CDBG-DR funds must benefit **low-to-moderate income (LMI)** persons or households.

FEMA-4630-DR, Kentucky Disaster Declaration as of 01/06/2022



- Designated Counties**
- No Designation
  - Individual Assistance and Public Assistance (Categories A and B)
  - Individual Assistance and Public Assistance (Categories A - G)
  - Public Assistance (Categories A - G)
  - Public Assistance (Category B)

**80%** of CDBG-DR funding expend in the HUD determined **Most Impacted and Distressed (MID) counties** and zip codes.

State can define “grantee-identified MIDs” for the remaining **20%** in the Action Plan

**Most Impacted: Graves and Hopkins Counties; 41339 (Breathitt County) and 42101 (Warren County)**

CDBG-DR Mitigation Set Aside  
**\$9,777,000**

Can be used for **new mitigation projects** and/or for **adding resilience into recovery activities**, considering existing and future conditions over the service life of the project

Increasing resilience to future disasters

Protecting public health

Conserving lands, waters, and biodiversity

Addressing environmental injustice

Spurring economic growth and creating jobs

DLG must include a description of how it has analyzed, identified, and will address the unmet needs associated with the rehabilitation, reconstruction, and new construction of the following types of housing:



Public housing



Affordable rental housing



Housing for vulnerable populations

DLG must demonstrate a **reasonably proportionate allocation of resources** relative to areas and categories (i.e., housing, economic revitalization, and infrastructure) of greatest needs identified in the impact and unmet needs assessment. **This includes considering relative needs of renters and owners.**



# Federal Register: General Program Requirements



- **Procurement** – competitive procurement is required
- **Eligible Activities and National Objective** – each activity must meet both requirements
- **Duplication of Benefits** – funds cannot be used by the beneficiary to pay for the same activity twice
- **Supplanting Funds** - funds cannot be used to replace existing funding allocated to the activity
- **Order of Assistance** – funds cannot be used for activities reimbursable by or for which funds are made available by FEMA and USACE, but CDBG-DR can be used for match or for additional costs
- **Davis-Bacon and Related Acts** – funds for infrastructure will require prevailing wages to be paid
- **Environmental Review** – project must meet the environmental review requirements before proceeding to construction

# Federal Register: Housing Program Requirements



CDBG-DR housing requirements include;

- Have a tieback to the disaster and unmet needs
- Conduct outreach to vulnerable populations about housing assistance availability
- Affordable rental rates must be established for units rented to LMI households
- Resilient building techniques must be used
- Appliances must meet energy efficient standards
- Second homes cannot be rehabilitated
- Special provisions for rehabilitation in the floodplain

# Example: CDBG-DR Housing Programs

Program	Beneficiaries
Small rental (4 or fewer units) repair and reconstruction and/or new construction	Renters
Owner-Occupied repair and reconstruction and/or new construction	Homeowners
Housing or Financial Counseling in support of housing activities	Homeowners or renters

Method of Distribution: DLG will award fund to counties and cities within eligible disaster areas based on an application process. Awarded City and Counties will develop applications procedures for homeowners and rental owners.



# Federal Register: Economic Revitalization Program Requirements

CDBG-DR Economic Revitalization requirements include;

- Assist local businesses to create or retain jobs in a disaster-impacted area.
- Revitalize and improve the local economy through job creation and retention or by expanding access to goods and services.
- Activities must be in the disaster affected areas of the state.
- Create jobs for LMI individuals
  - 1 employee = 1 person household income



## Example: Economic Revitalization Projects

Project	Beneficiaries
Operating capital (up to \$200,000)	Business or microenterprise
Job creation (\$20K per job up to \$200,000)	Employees
Job retention (\$20K per job up to \$200,000)	Employees
Purchase of equipment for expansion (up to \$200,000)	Business or microenterprise

Method of Distribution: DLG will award fund to counties and cities within eligible disaster areas based on an application process. Awarded City and Counties will have contracts with individual businesses.



# Federal Register: Infrastructure & Planning Program Requirements



CDBG-DR infrastructure and planning requirements include;

- Address the construction or rehabilitation of disaster-related systems or community-based mitigation systems
- Reduce natural hazard risks through measures and strategies
- Achieve regional or local objectives to reduce future risk to the jurisdiction
- Evaluate costs and benefits when selecting projects
- Align with other planned federal, state, or local improvements and foster the potential for additional infrastructure funding
- Employ adaptable and reliable technologies to prevent premature obsolescence of infrastructure
- Invest in infrastructure within historically underserved communities
- Are designed and constructed to withstand chronic stresses and extreme events by identifying and implementing resilience performance metrics

## Example: Infrastructure & Planning Programs

Program	Beneficiaries
Infrastructure that is resilient to future disasters including water, sewer, and stormwater system	Residents in the project service area or residents downstream
Hazard Mitigation Planning incorporated into community plans	Residents in the project service area
Watershed Management Plans	Residents in watershed or downstream

Method of Distribution: DLG will award fund to counties and cities within eligible disaster areas based on an application process. Awarded City and Counties will complete projects and/or plans. Watershed management plans will be coordinated with the seven river basin organizations and coordinators

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- Make sure to complete the online survey so that DLG can know the disaster recovery needs in your community
- Speak with DLG about potential projects
- Register on the DLG website to stay connected
- Determine organizations in your community that can assist in disaster recovery.