



# Using CDBG-DR Funds for Subsequent Disasters

## BACKGROUND AND PURPOSE

HUD is releasing these Frequently Asked Questions (FAQs) for **any** current CDBG-DR grantees who have requested guidance on using their CDBG-DR funds for subsequent disasters. These FAQs apply **only** when a grantee does not have a CDBG-DR grant for the subsequent disaster.

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## FREQUENTLY ASKED QUESTIONS (FAQS)

**Q1. Can a grantee use previously awarded CDBG-DR funds for a subsequent disaster?**

A1: Yes, in some cases.

**Q2. In what specific circumstances can a grantee use their CDBG-DR funds for a subsequent disaster?**

A2. Grantees may use their CDBG-DR grant funds for a subsequent disaster (regardless of the severity of the disaster) in cases when needs from the qualifying disaster, for which the grantee received the CDBG-DR grant, remain unaddressed and are exacerbated by the subsequent disaster.

If the grantee has identified a need originating from the disaster for which HUD awarded the funds (a qualifying disaster) that has not been met at the time of a subsequent disaster, and the subsequent disaster exacerbates the need that arose from the qualifying disaster, the grantee can use its CDBG-DR funds to continue to address the exacerbated unmet need from the qualifying disaster.

## EXAMPLE

A grantee is using CDBG-DR funds awarded for a 2020 disaster to reconstruct a home impacted by that disaster. Either during the construction phase or before construction has even started, a 2022 disaster hits the community and destroys some or all of the construction progress that was being made on the home.

In this case, the homeowner has additional unmet needs that need to be met (if construction hasn't started the unmet need may also have been exacerbated), and the grantee can continue to use its CDBG-DR funds from the 2020 disaster to begin or continue to reconstruct the home and meet the unmet needs of the homeowner.

If, on the other hand, construction was completed on the home affected by the 2020 disaster before the 2022 disaster occurs, then the CDBG-DR funds awarded for the 2020 disaster could not be used to rehabilitate or reconstruct the home because there is no remaining need from the 2020 disaster.

*NOTE: If the grantee receives CDBG-DR assistance for the subsequent disaster and the most impacted and distressed areas of the two disasters overlap, the grantee may be able to use funds interchangeably if the use of the funds will address unmet needs for both disasters. For more information, see the grantee's applicable Federal Register for guidance on interchangeability.*



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## FREQUENTLY ASKED QUESTIONS (FAQS)

**Q3: How would a grantee determine that the use of CDBG-DR funds awarded for a qualifying disaster can be used to address unmet needs from a subsequent disaster?**

A3: Disaster recovery needs are calculated at points in time. A subsequent change in circumstances can affect need. HUD has long recognized that, after needs are initially calculated and/or a CDBG-DR award has been made, an applicant for CDBG-DR may have unmet needs that are worsened. Whether the exacerbated unmet needs are demonstrated by subsequent disaster damage to a home or business that was only partially repaired or a similar change in circumstances (e.g., vandalism, contractor fraud, an increase in the cost of materials and/or labor, or a change in local zoning law or building code), the grantee may subsequently reevaluate the calculation of the award by taking into account the increased need.

This means that grantees may use CDBG-DR funds awarded for a qualifying disaster to complete the construction of a project that was in progress and damaged by a subsequent disaster if the project was not yet completed and the beneficiary has remaining unmet needs. Grantees must maintain records that document how their funded activity addresses an impact from the qualified disaster and grantees should also document their determination that the beneficiary's unmet needs have changed and why.

