



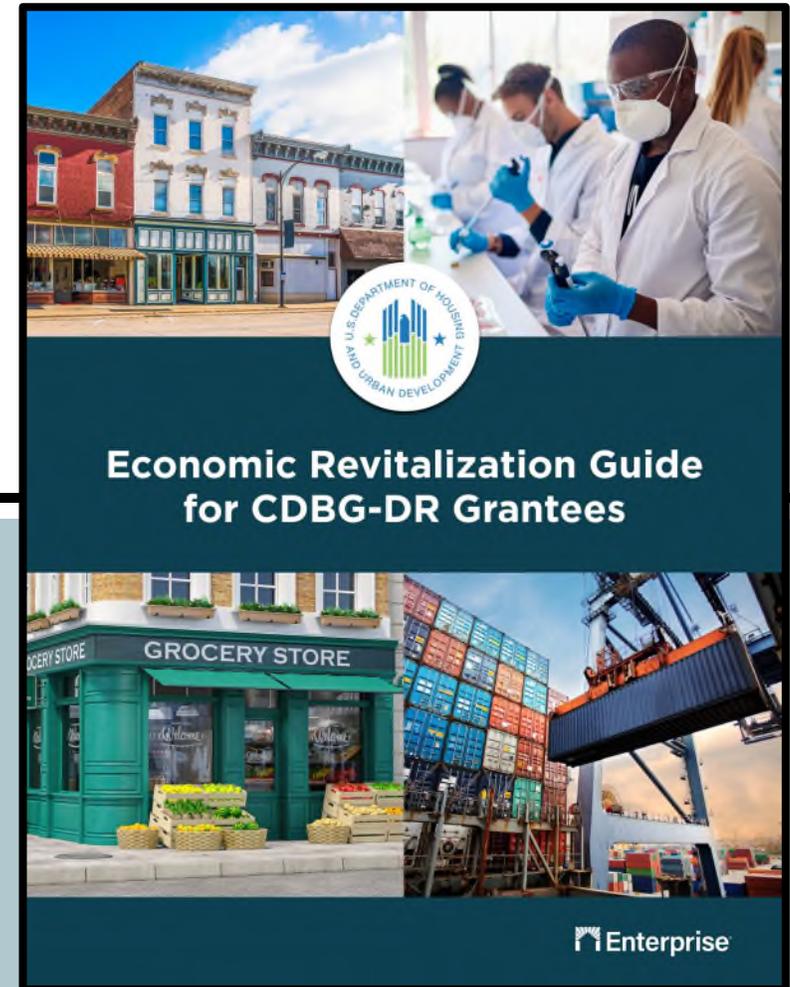
Economic Revitalization Guide for CDBG-DR Grantees: An Overview of the Guide

CDBG-DR Fall 2023 Webinar Series



Find the Guide on the HUD Exchange

<https://www.hudexchange.info/resource/6921/economic-revitalization-guide-for-cdbg-dr-grantees/>



Presenters



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Agenda

- Purpose and Format of the Guide
- *Case Study Preview: Louisiana's Small Business Loan Program*
- Economic Development Strategies that Work
- CDBG-DR 101
- *Case Study Preview: Puerto Rico's Workforce Training Program*
- Questions and Answers



Purpose of the Guide

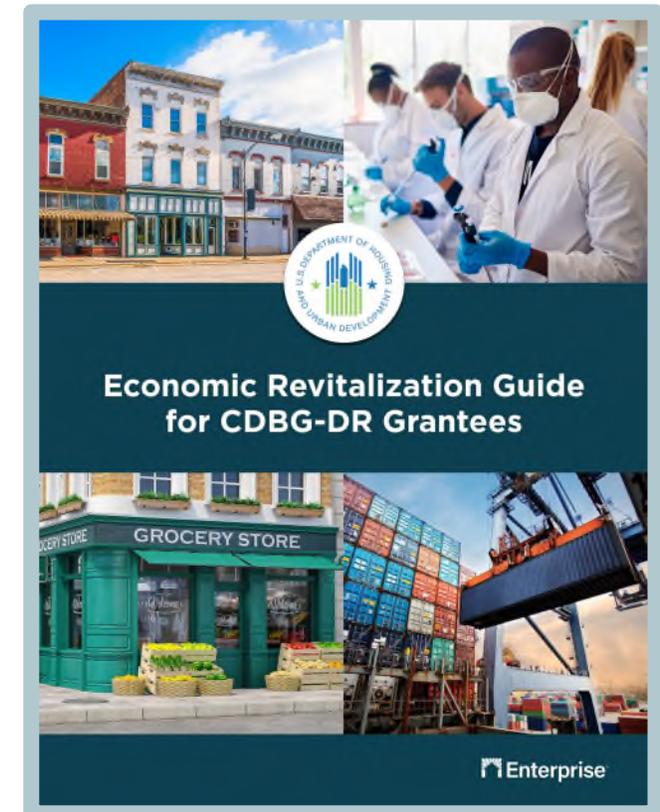
- Describe strategies for economic revitalization that advance recovery and resilience in underserved communities

“Families and individuals living in underserved communities experience greater inequity and ... are also often more vulnerable to extreme weather events and natural disasters resulting from changing climate.”

- Encourage grantees to undertake creative economic revitalization programs that respond to urgent needs and support long-term economic development strategies

Format of the Guide

- Part I. Introduction
 - Economic Development Strategies that Work
 - CDBG-DR 101
- Part II. Case Studies
 - Assistance to Businesses
 - Workforce Development
 - Tourism Promotion
 - Infrastructure
- Part III. Glossary



Louisiana's Small Business Loan Program

CASE STUDY



At a Glance

AT A GLANCE	DESCRIPTION
Disaster	Hurricane Laura, Hurricane Delta, Hurricane Zeta
Year	2020
Grantee	State of Louisiana
Subrecipient	Participating non-profit lenders, credit unions and community development financial institutions
Period	September 2022 – September 2028
Amount	\$100.5 million

Tie Back to the Disaster



- Hurricane Laura disrupted the operations of 34,740 businesses (28% of all businesses), impacting 479,975 workers
- The disruption resulted in \$2.8 billion in structural damage, \$1.1 billion in equipment loss and \$1.9 billion in operational costs





Program Design

- Working Capital Loans

- Moveable equipment or furniture or up to 6 months of working capital
- \$10,000 to \$150,000 with exceptions up to \$250,000
- 0% interest rates
- 40% of principal forgiven upon payment of 60%
- 6 months of no payments, then 60% of loan amortized over 7 years

- Underserved Communities

- Attainable revenue and credit score requirements
- Priority for businesses in underserved communities
- Priority for SEDI business owners
- Priority for industries that provide essential goods or services



Program Implementation

- Subrecipients
 - Local non-profit lenders, CDFIs and credit unions with a preference for lenders with experience “with small businesses that have difficulty securing loans from traditional lending sources”

The South Central Planning & Development Commission (SCPDC) has established offices in every metropolitan area in the state, as well as underserved rural areas, where local staff connect with business owners and provide support with the loan application process.



Program Implementation

- Contractor
 - Focus on minority-owned businesses and businesses in the most impacted communities, including underserved rural areas

The Louisiana Chamber of Commerce Foundation coordinates with the lenders and supports small business owners to prepare their applications through a roster of SMEs in accounting, legal and other issues.

Program Impact



- The outcomes for the \$100.5 million Laura-Delta-Zeta program are not yet available
- The outcomes from 2017 to 2022 for the \$39 million Floods program
 - 503 businesses served
 - 1,181 jobs created or retained
 - 1,103 jobs held by LMI individuals
- The outcomes from 2007 to 2012 for the \$88 million Katrina-Rita program
 - 3,200 businesses served
 - 7,490 jobs created or retained
 - 4,027 jobs held by LMI individuals

Economic Development Strategies that Work



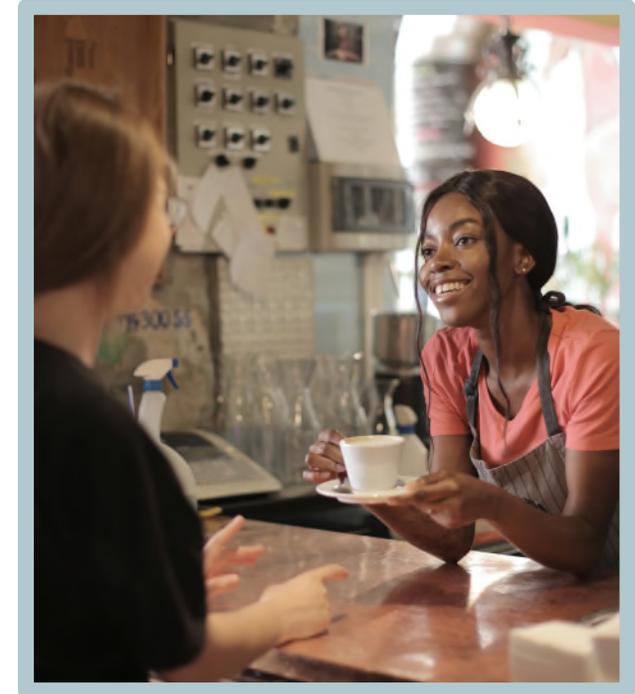


Economic Development Strategies

- Economic development improves the standard of living in communities, as measured by employment, income, and other indicators
- Effective economic development strategies
 - Analyze the local economic context
 - Identify economic opportunities and resources
 - Build collaborations between industry, government, academic and community stakeholders

1. Small Business Strategies

- Working capital grants and loans
 - Restart operations and rehire employees
- Technical assistance
 - Business management
 - Sales and marketing
 - Accounting and legal
- Partnerships
 - Small Business Development Centers (SBDC)
 - Community Development Financial Institutions (CDFI)
 - Community-Based Development Organizations (CBDO)



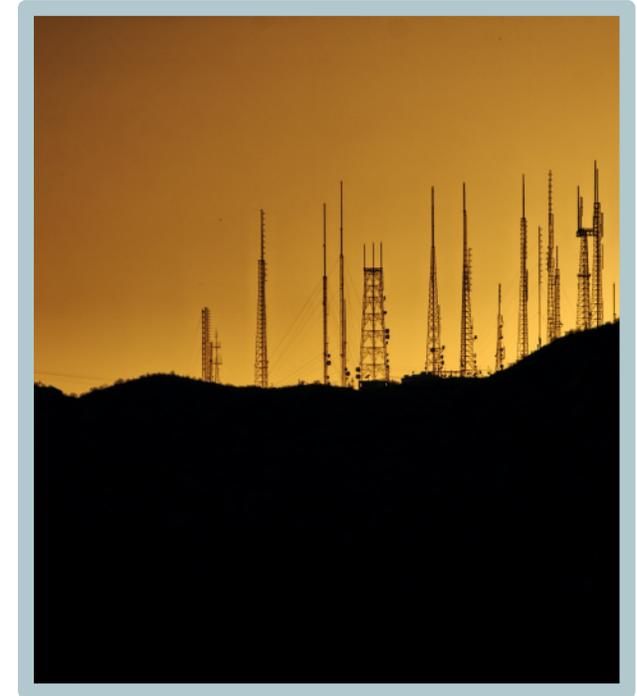
2. Workforce Strategies

- Target key local industries
- Construct new training facilities
- Engage underserved communities
 - Outreach to local schools and organizations
 - Flexible online, evening or weekend options
 - “Wrap-around” services like childcare and transportation



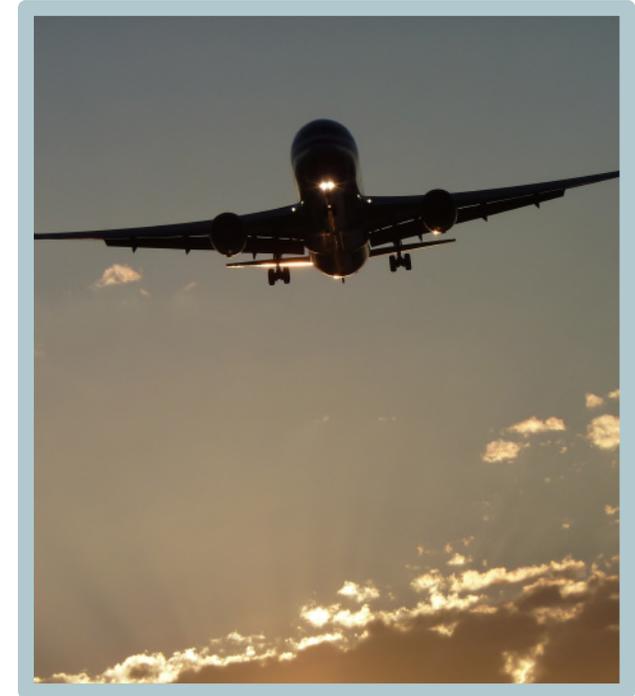
3. Infrastructure Strategies

- Commercial districts
- Industrial districts, ports and railroads
- Broadband infrastructure
- Energy infrastructure
- Specialized facilities



4. Tourism Marketing Strategies

- Stabilize revenue for retail and service businesses
- Stabilize income for employees



CDBG-DR 101





CDBG-DR 101

- Congress allocates CDBG-DR funds through supplemental appropriations
- HUD publishes a Federal Register notice that guides use of the funds
 - The FRN specifies the allocation of funds to the Most Impacted and Distressed Areas
 - The FRN describes waivers and alternative requirements
 - Grantees should review the FRN that apply to their disaster year and any updates
- CDBG-DR funds are subject to:
 - The Housing and Community Development Act (HCDA) of 1974
 - Title 24 of the Code of Federal Regulations Part 570 on Community Development Block Grants



CDBG-DR 101 Action Plan Development

The Action Plan describes the specific programs and activities that will be funded by CDBG-DR.

- Engage impacted residents and stakeholders to assess unmet recovery needs
- Align economic revitalization activities with existing economic development strategies



CDBG-DR 101 Activity Eligibility

- Each activity in the Action Plan must:
 - Fulfill a CDBG National Objective
 - Qualify as a CDBG Eligible Activity or an activity eligible under a waiver or alternative requirement



CDBG-DR 101 Activity Eligibility

- Each activity must demonstrate tie-back to the disaster
 - A description of the disaster-related impacts that the activity addresses
 - Common metrics:
 - Loss of businesses and business revenue
 - Loss of jobs and wages
 - Decrease in labor force
 - Increase in unemployment



CDBG-DR 101 Activity Review

Each activity in the Action Plan must comply with the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200)

- Cost Allowability
- Cost Allocability
- Cost Reasonableness



CDBG-DR 101 Activity Review

Each activity must be reviewed to prevent duplication of benefits (DOB)

DOB occurs when:

- A person, household, business or other entity receives disaster assistance from multiple sources for the same recovery purpose, and
- The total assistance received is more than the total need

Other potential sources of assistance:

- Federal Emergency Management Agency (FEMA)
- Small Business Administration (SBA)
- Insurance providers
- Local government
- Charitable organizations

CDBG-DR 101 Underwriting

Grantees must follow HUD's guidance on underwriting (24 CFR Part 570 Appendix A) for Special Economic Development Activities

For major loans or grants:

- Extensive due diligence
- Detailed review of business plan, financial history and projections, experience and credibility of owners and managers
- Site visits, interviews and engagement of industry experts, customers and suppliers

For smaller loans or grants:

- Streamline review process
- Review business profile or plan and examine financial statements
- Verify owners' identity and credit score

Activity Review
APPLICABLE TO ALL CDBG-DR ACTIVITIES

COST PRINCIPLES
24 CFR 200 Subpart E

Reasonableness Expenses
reflect prices for similar goods or services in a grantee's region.

Allocability Expenses
meet the requirements of CDBG-DR and are necessary to achieve the objectives of the activity.

Applicable to all CDBG-DR Special Economic Development Activities
Special Economic Development Activities provide assistance to for-profit businesses.

Underwriting Requirements
24 CFR 570.482(e) for States and 24 CFR 570.209(a) for Entitlements

- The activity is financially feasible and the costs are reasonable
- All other sources of financing are committed
- CDBG funds do not substitute for non-Federal sources of financing
- CDBG funds assume risk equivalent to other sources of financing
- Return on the owner's equity investment is not unreasonably high

Public Benefit Standards
24 CFR 570.482(f) for States and 24 CFR 570.209(b) for Entitlements

Benchmarks to assess the societal benefit of an activity, ensuring that the cost of the activity does not outweigh the benefit to the public, and especially LMI residents and communities.

HUD regularly provides alternative requirements to the Public Benefit Standards.
Review 87 FR 31636 II.D.3 for specific requirements.

- A maximum dollar amount of CDBG-DR funds allocated to the activity per job created or per LMI person served by the activity

Puerto Rico's Workforce Training Program

CASE STUDY



At a Glance

AT A GLANCE	DESCRIPTION
Disaster	Hurricane Irma, Hurricane Maria
Year	2017
Grantee	Puerto Rico Department of Housing
Subrecipient	University of Puerto Rico, Rio Piedras Campus
Period	September 2018 – September 2026
Amount	\$1.99 million

Tie Back to the Disaster



- 132,000 people left Puerto Rico for the continental United States
- 38,700 students left the school system
- 283 schools closed

Program Design



- Recovery-Related and High-Growth Industries
 - Federal grant applications and administration of Federal funds
 - Construction industry
 - Tourism and hospitality industry
- Employment or Entrepreneurship
 - “Upskill” to access higher paid jobs in current industry
 - “Reskill” for opportunities in new industries



Program Implementation

- Platform
 - Moodle cell phone application with on-demand course content
- Marketing
 - Partner with Puerto Rico Department of Education and municipal governments
 - Market to unemployed and underemployed people, young adults and teachers
- Pathways
 - Partner with major employers
 - Partner with staffing agency in the construction industry

“It is essential to train our workforce, both for the immediate demand and for the different labor scenarios we will face in the future.”

- Manuel Cidre, Puerto Rico Secretary of Economic Development and Commerce

Program Impact



- More than 10,000 people registered for the courses
 - 78% of registrants were LMI
 - 30% of registrants were unemployed
- 1,050 completed coursework and received certifications

Mini Case Studies in Workforce Development



Mississippi's
Jackson County Maritime
Training Facility



Mississippi's
Mississippi Gulf Coast
Community College (MGCCC)
Nursing School

Case Studies



Puerto Rico's
Tourism and Business
Marketing Program



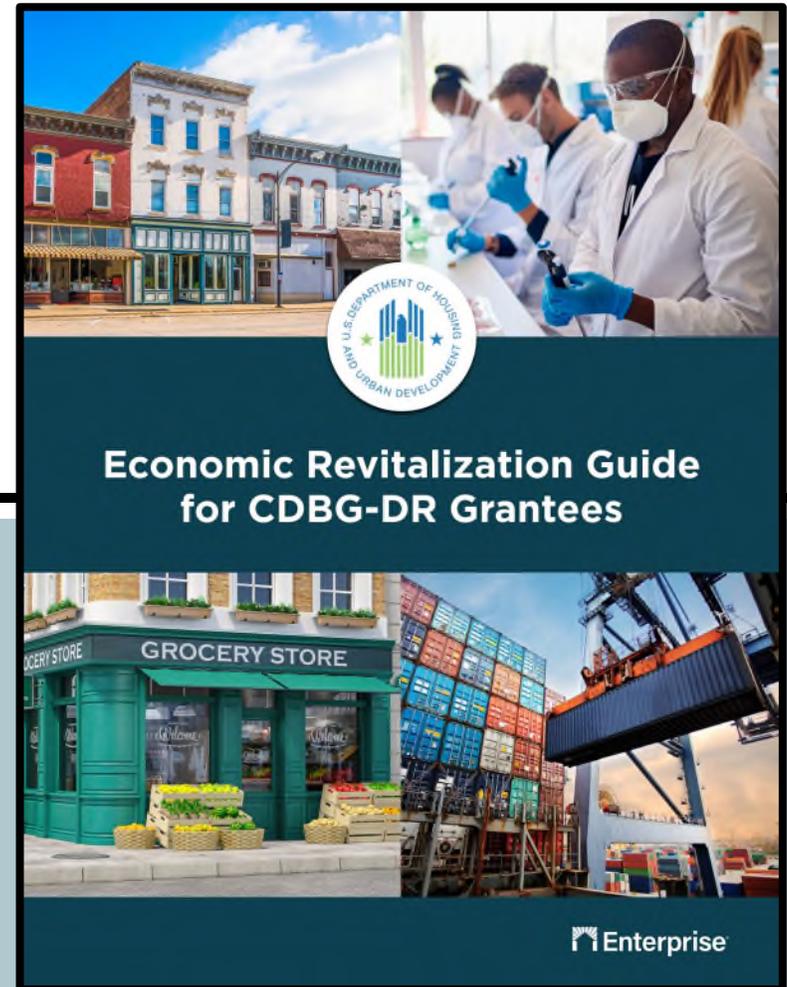
Mississippi's
Port of Gulfport
Restoration Program

CDBG-DR Fall 2023 Webinar Series

Webinar	Date and Time
Duplication of Benefits (DOB) Worksheet Overview Webinar <i>Resource coming soon!</i>	October 26, 2023 2:00-3:30 PM EDT
Interchangeability Policy Bulletin Overview Webinar <i>Resource coming soon!</i>	November 7, 2023 2:00-3:30 PM EST

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Questions and Answers



Thank you!

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