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# CDBG National Disaster Resilience

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Frequently Asked  
Questions (FAQs) for  
Grants Management

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## National Disaster Resilience (CDBG-NDR) Grants Frequently Asked Questions

### Disclaimer

Remember: We do our best responding accurately and consistently to questions and documenting our answers, but **if an answer below does not completely comport with the NOFA, applicable Federal Register Notices, or separate responses, the NOFA/ FR Notice governs.** Please read all published guidance and requirements carefully.

### Projections of program schedule and milestones

**(NEW)** What are requirements for updating the Projections that include a schedule of expenditures and outcomes?

As stated in the [June 7, 2016 Federal Register Notice](#), NDR grantees must submit to the Department, for approval, an update to the program schedule and milestones included in Factor 3 of their application.

Grantees must amend their DRGR Action Plan and published DRGR Action Plan to include any post-award updates to projections within 90 days of the date of the grant award letter, which is the letter that transmits their grant agreement.

The projections must be based on each quarter's expected performance- beginning the quarter in which funds are available to the Grantee and continuing each quarter until all funds are expended.

Any subsequent changes, updates, or revisions must be reflected in the DRGR Action Plan and published DRGR Action Plan and approved in writing by HUD. These revisions, alone, are not subject to the substantial Action Plan amendment requirements described in the Notice.

Guidance on the preparation of projections is available on HUD's Web site here:

<https://www.hudexchange.info/resource/3685/cdbg-dr-grantee-projections-of-expenditures-and-outcomes/>

### Flood Insurance Requirements

**(NEW)** To what extent do NDR grants to private property-owners for the purposes of resiliency retrofits or small scale water retention solutions trigger the requirement to purchase flood insurance?

As is the case with most CDBG-DR grant funds, NDR-assisted homeowner or businesses located in a floodplain (SFHA) must obtain and maintain flood insurance in accordance with the National Flood Insurance Program (NFIP) requirements. NFIP rules specify which types of assistance trigger this requirement, and generally, insurance is only required when the assistance is for capital that is insurable. In the case of rain barrels and landscaping solutions, which are proposed activities of several NDR grantees, these investments are generally not insurable and assistance for this purpose would not trigger the insurance requirement. In cases where NDR funds are used for structural rehabilitation or

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retrofitting, such as for flood-proofing or elevation, the structure is insurable, and so this assistance would generally trigger the requirement.

Because of the nuance of this requirement, and because NFIP establishes the rules for what types of capital are insurable, HUD strongly recommends that NDR grantees work closely with HUD and NFIP representatives when designing programs that assist private property-owners so that they can clearly communicate rules to beneficiaries. As a reminder, NFIP rules prohibit the provision of Federal disaster assistance for the repair, replacement, or restoration of a property to an owner who has failed to meet an earlier requirement to purchase flood insurance.

More information about flood insurance can be found here:

<http://www.fema.gov/news-release/2009/09/02/frequently-asked-questions-about-flood-insurance>

### General Administration Cap

#### **Can we use funds from another P.L. 113-2 CDBG-DR grant for the general administration of our NDR grant?**

Yes. P.L. 113-2 grantees, only, may use funds from one grant allocated under P.L. 113-2 for the general administration costs incurred by another grant. Similar to other grantees under P.L. 113-2, NDR grantees were required to demonstrate unmet recovery need resulting from a Presidentially declared disaster occurring in 2011, 2012, or 2013. Thus, the activities funded through any allocation under the Appropriation would demonstrate tie-back to the same qualifying disaster. This alignment justifies the use of administrative funds across individual grants under P.L. 113-2.

Grantees are reminded that no more than 5% of any grant allocated under P.L. 113-2 may be used for general administration, regardless of which grant administration activities those funds support. For example, no more than 5% of your formula grant may be used for general administration expenses incurred through either the formula grant or the NDR grant.

Grantees are also reminded that the flexibility to use funds for general administration across P.L. 113-2 grants does not extend to activity delivery costs, including administration and planning costs linked to the delivery of a specific project or activity. Any expenses directly related to activities must be charged under the applicable grant. Please refer to HUD guidance on distinguishing general administrative costs and activity delivery costs here: <https://www.hudexchange.info/resources/documents/Notice-CPD-13-07-Allocating-Staff-Costs-Program-Administration-Delivery-Costs-CDBG.pdf>

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### Long-term commitments

#### **What are the requirements of long-term commitments? What long-term commitments will HUD monitor and what documentation is needed to demonstrate that commitments have been met?**

As part of Phase 2 applications, applicants made commitments beyond the proposed NDR projects that would result in long-term community resilience, and described these in Factor 5 of the Application. Where the description of commitments met the criteria outlined in the NOFA (see NOFA, page 48), HUD accepted these and incorporated the commitment into the applicants' score for that Factor. The NOFA requires that commitments be completed or implemented within one year of Phase 2 grant award announcements.

During review, the review panel discussed each long-term commitment proposed by applicants, documented whether each one met the NOFA criteria, and scored Factor 5 of the application accordingly. Following grant announcement and through consultation with HUD, each grantee was provided a summary of the approved long-term commitments that contributed to its score and that HUD would monitor as part of the grant.

To comply with the requirements of the [Notice](#), grantees are to ensure that each long-term commitment that HUD approved is included in its DRGR action plan as a distinct DRGR project that includes a performance outcome measure with baseline and goal outcomes in similar fashion as other NDR projects (see below). Grantees must report on the outcome measure regularly and should provide any narrative updates regularly in DRGR until completion, no later than January of 2017. HUD will review these accomplishments as part of grant oversight.

Upon completion, grantees must be able to provide sufficient documentation of completion of the activity, such as invoices, passed legislation, approved community plans, certifications, official publications, news articles, etc. Self-certifying statements or letters are generally not acceptable. Each Grantee should work with its designated HUD representative to determine acceptable documentation of its long-term commitments.

Additionally, in order to capture the overall progress being made by communities to withstand future threats, grantees are encouraged to add those long-term commitments identified in the application but not accepted by HUD due to missing criteria or other description, especially if these are completed and would simply require reporting data into DRGR.

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### Certification of an Engineer or “Design Professional”

The [June 7, 2016 NDR Notice](#) states that “prior to the Grantee’s obligation of funds for construction, the Grantee will demonstrate that the engineering design for a Project is feasible” and “this demonstration is satisfied if a registered professional engineer (or other design professional) certifies that the design meets the appropriate code or industry design and construction standards.” Can HUD provide clarification on when a design professional must certify that the project is feasible?

HUD expects that grantees using any public funding for major capital investments would, as a matter of due diligence, get the approval of engineers to ensure adequate design and construction standards. This added requirement emphasizes HUD’s stake in demonstrating that the projects funded through this program are good uses of scarce recovery funds and will improve and protect communities for generations to come. In order to comply, grantees must obtain certification of an engineer or design professional as a condition of obligating funds for construction of the project on entering into contract. Understanding that grantees may need to execute a subrecipient or construction contract before designs are completed and, thus, before certification is possible, grantees may include the certification requirement as an added term or condition of the agreement with the entity managing or completing the construction work, and need not be obtained upon executing the agreement.

### Performance Measures and DRGR Action Plan Requirements

**Are the performance measures we submitted okay? What are requirements for performance measures of NDR grants? When must they be complete? Does HUD have any guidance on how to refine our performance measures?**

The NOFA provides that grantees should include at least one performance measure for each NOFA category Social, Resilience, Economic Revitalization, Environmental for each project of its NDR grant. Measures may overlap projects, so a grantee may make a case that one measure covers more than one project or applies to the entire grant. There is some flexibility within DRGR to customize value measures by grantee. These measures will be reviewed and approved by HUD as part of approval of the DRGR Action Plan, following grant execution. The DRGR Action Plan must be approved before grantees can draw funds from the line of credit. As a reminder, grantees must make their first draw of funds from DRGR within 60 days of executing a grant agreement with HUD.

Following are some basic guidelines and suggestions for performance measures, to be discussed further following grant execution.

- Performance measures must be linked to the overall policy goals articulated in the Application. For example, if a grantee aims to improve social cohesion in a community and incorporated public recreational features into its flood mitigation infrastructure to accomplish this, at least one measure should track this desired outcome benefit. If a grantee wants to reduce risk to people

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and property from future flooding, and will construct infrastructure to prevent flooding in the community, the grantee should consider what performance measure(s) best capture progress or the improvement outcome related to flood prevention made through the investment.

- Many measures initially proposed by grantees are not complete; they are general desired benefits that require further refinement to be framed as an outcome metric that can be reported regularly in DRGR. To enable HUD to approve the measures, a grantee **must** articulate:
  - The specific desired outcome measure;
  - The methodology by which it will be tabulated, including specific data sources;
  - The initial baseline, which will be reported in the first QPR;
  - The projected goal at project closeout (Note: projected goals are subject to amendment, HUD will not include metrics, baseline, or projections in the grant agreement, and grantees are not bound to meeting the initial projections. These performance goals represent a “vector” toward which the grantee intends and expects to move. HUD will not penalize grantees for setting ambitious projections, and these may be revised at any time through a non-substantial amendment);
  - The frequency with which measures will be reported (at least annually); and
  - The entity responsible for reporting.

In some cases, a grantee may find that a quantitative measure is not feasible in capturing a desired benefit. In such cases, HUD will permit the grantee to provide a narrative description instead.

- For the “values”, grantees are strongly encouraged to propose outcomes measures that demonstrate why the grantee is undertaking the investment or action, as opposed to output measures that quantify the number of completed structures or families moved or acres of marshland created. For example, a project may directly result in adding acres of community recreational space, but the ultimate goal articulated in the application and communicated to the public is access or usage of recreational space across the community, and perhaps even improved quality of life or health outcomes. When possible, grantees are strongly encouraged to develop outcome metrics that measure the progress being made towards that ultimate policy goal.
- Performance measures will help tell a compelling story about the investment being made. Does the measure help community members, elected officials, and potential investors understand the benefits and utility of the investment? Will it demonstrate the value of similar investments in the future? As an example, the output metric # of acres of park space quantifies the direct result of investment, but increased access to parks for more people conveys a deeper understanding of the benefits. Reporting health benefit outcomes would go even further in explaining “why” an investment that increases access to park space is important.

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### Some other considerations when developing your performance measures:

- Grantee capacity and priorities – As a recipient of CDBG-NDR funds, your primary objective is to complete the funded projects within the guidelines of the NOFA and as described in your grant agreement terms. We understand grantees have limited funding and staff capacity to conduct research and data collection activities, so we advise that each grantee weigh the benefits of additional data collection against the costs of time and staff diverted from carrying out the primary objective. We are looking for quality, not quantity of measures.
- HUD encourages grantees to seek out partnerships with external organizations that may provide research and data collection services, such as philanthropic foundations, non-profit organizations, universities, and other institutions.
- Of course, existing DRGR output measures will be required by HUD to document national objectives. Additionally, other measures unique to NDR grants will be required, including the geographic coordinates of project investment sites, all leverage sources and amounts, long-term commitment performance measures, and a new “percent progress” measure for each of the values proposed and approved for the grant. Guidance on all DRGR Action Plan requirements is forthcoming.
- The Rockefeller Foundation will be offering a third convening for NDR grantees on Resilience Project Implementation that will offer training to grantees as they begin implementation of their NDR projects. While this guidance is not strictly limited to the NDR grant investments, grantees may find the technical assistance regarding performance measures to be valuable in informing work refining the measures. Note that executing the grant agreement, which many grantees are expected to do in June, does not preclude a grantee from continuing to refine the performance measures.

### How do we create our DRGR Action Plan required by the [Notice](#) and what guidance will HUD provide, either in writing or through individualized consultation calls?

A DRGR Action Plan guide is in development and will be sent to grantees shortly.

Each grantee will provide three overall NDR grant narratives covering the Executive Summary, including the agreed on direct and supporting leverage amounts, MID-URN target area, and Partners.

For each NDR-funded component (project or program), the grantee will create a DRGR project with affiliated activities from the list within DRGR. Each NDR activity will include the standard DRGR performance measures, most of which are used to demonstrate that an activity meets a national objective. Any direct leverage committed to an NDR activity will be entered using the “match” field on the DRGR activity set-up screen.

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A project and activities will be similarly set-up for any supporting leverage activity. Such an activity will have \$0 CDBG-NDR funds, and show the supporting leverage amounts in the match area.

Each NDR performance “value” will be set up as an activity in DRGR. There will be four new activity types to choose from: Social, Resilience, Economic Revitalization, and Environmental. Each grantee will add each value with its associated outcome measure(s) as a separate DRGR activity. The NDR performance outcome measures will be unique to NDR grants, so HUD is adding the measures manually to DRGR. (You may assign multiple measures to each value activity.) DRGR allows activities to be associated, so you will then associate each NDR value activity with the applicable funded NDR activity, supporting leverage activity, or long-term commitment activity. An activity category will also be available for long-term commitments and supporting leverage activities that do not fit into one of the standard DRGR activity categories. The layout has not been finalized, so more details about the specific structure of projects and activities in DRGR will be included in the DRGR Action Plan guide.

### Reimbursement of Pre-award Expenses

#### **What pre-agreement or pre-award expenses are reimbursable under the requirements of CDBG-NDR funds?**

As stated in the NOFA, any expenses related to preparing your NDRC application -including planning and citizen outreach activities- incurred following the publication of the NOFA are eligible for reimbursement. Once the grantee’s grant agreement is signed, these expenses may be charged within DRGR.

Following the award notification letter sent in January:

**State grantees** are subject to the pre-award regulations at 24 CFR 570.489(b), and may incur costs and subsequently charge them to the grant provided the expenses are addressed within its approved Application/Action Plan (i.e. expenses related to the activities in the Application for which the State is receiving NDR funding), and otherwise eligible under 570.489(b).

**Local government grantees** (municipalities and counties) are subject to 24 CFR 570.200(h), and may also incur costs prior to grant execution provided that the expenses are addressed within its approved Application/Action Plan (i.e. expenses related to the activities in the Application for which the local government is receiving NDR funding), and otherwise eligible under 570.200(h).

**Both State and local government grantees** are encouraged to pay special attention to environmental regulations at part 58 when considering undertaking activities for which they expect to receive reimbursement.



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Additionally, the new Uniform Administrative Requirements at 2 CFR part 200 state that pre-award costs are allowable only to the extent that they would have been allowable if incurred after the date of the award and only with the written approval of HUD. For purposes of adhering to this requirement, HUD is providing approval through this guidance and the [Federal Register Notice](#) to all NDR grantees to incur expenses for reimbursement under their NDR grant, subject to the pre-award regulations referenced here.

### Substantial Action Plan Amendments and Rescoring

#### Do substantial amendments require a re-scoring of the NDR application?

If the substantial amendment criteria described in the [NDR Federal Register Notice](#) are triggered, HUD will review the proposed change against the rating factors and threshold criteria and consider whether the application, inclusive of the proposed change, would continue to score in the fundable range. In reviewing substantial amendments, HUD will not penalize grantees for scaling and scoping decisions made by HUD as part of the NDRC award selection process. Additionally, **the grantee may not propose an amendment to reduce the amount of leverage pledged once a final amount is identified in the initial grant agreement.** In re-rating and re-ranking any substantial amendment, the grantee's initial leverage score will remain unchanged. The grantee may substitute the source of its leverage without affecting its leverage score in any re-rating and re-ranking, and this substitution is a non-substantial amendment.

#### The NOFA is silent on whether HUD will rescore the original application or the descoped projects (with descoped leverage, descoped partners, etc.). Given the applications will not be amended to reflect scope of funding, what is rescored?

In re-rating and re-ranking applications as part of HUD's review of substantial amendments, HUD will not penalize grantees for scaling and scoping decisions made by HUD as part of the NDRC award selection process. HUD will review the proposed change in the context of the original Application to assess whether the original score would have been affected. If the revised score is below the fundable range, HUD will not approve the amendment. HUD has discretion over the rescoring process and will work to provide clear guidance to a grantee should it need to amend its Action Plan. Grantees are encouraged to work closely with their HUD grant representatives to ensure changes to the grant meet HUD's requirements.

#### Given that only soundness and capacity can trigger rescoring, the language seems to imply that only capacity and soundness are rescored, but I'm not sure. Can you provide any guidance here?

The NOFA, on page 16, explains that for any substantial amendment, HUD must agree "in writing that the amended Application would still score in the fundable range for the competition." If the substantial amendment criteria are triggered, HUD will review the proposed change against the rating factors and threshold criteria and consider whether the application, inclusive of the proposed change, would continue to score in the fundable range.

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### What is the process for rescoring leverage?

In re-rating and re-ranking any substantial amendment, the grantee's initial leverage score will remain unchanged if the grantee will meet the amount of leverage included in its grant terms. The grantee may substitute the source of its leverage without affecting its leverage score in any re-rating and re-ranking, and this substitution is a non-substantial amendment. The grantee may not propose an amendment to reduce the amount of leverage pledged once a final amount is identified in the initial grant agreement. The NOFA, on page 48, requires grantees "to show evidence that committed leverage resources were actually received and used for their intended purposes through quarterly reports as the project proceeds. Sources of leverage funds may be substituted after grant award, as long as the dollar commitment is met."

### Grant Kick-off

#### **To what extent have funding levels for specific activities been finalized? What is the specific scope of the project HUD expects us to complete?**

Funding levels for specific activities have NOT been finalized. In most cases, HUD based total award amounts on scaling options provided by the grantee in their application and panel recommendations. During individual consultations with grantees, HUD will identify funding amounts for each activity that were part of project approval. In coordination with HUD, grantees will then develop a final project budget. Grantees will publish the final funding amounts for specific activities in the DRGR action plan.

#### **What levels of leverage are available for selected and non-selected NDRC projects? Will grantees be permitted to scale leverage in accordance with HUD funding, or is some other way?**

Grantees will be able to scale leverage for individual selected projects during its negotiations with HUD. Revised leverage amounts to reflect the approved projects must be included in the grant agreement and DRGR action plan. HUD will work with grantees to identify final component funding amounts, including leverage amounts that were contingent on project funding.

#### **How are Planning and Administrative funds accounted for in final award amount announced by HUD?**

Planning and Administrative expenses are included in the total NDR award and grantees must budget such activities into implementation. HUD will work with grantee to identify final component funding amounts that incorporate Planning and Administration during the negotiations phase.

For grantees that identified specific % of their award for admin and that amount is no more than 20% of their NDRC award (with a maximum of 5% for administrative costs), no additional adjustments are required.

For grantees that identified specific dollar amounts for planning and a specific amount for administration or that did not For grantees that did not specify any amounts for planning and

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administration, the grantee will need to identify the amounts that will be identified for those categories in revised action plan.

### **Will grantees be allowed to drop activities listed on the award letter that are no longer feasible due to funding constraints?**

Maybe, but this is tricky. HUD recognizes that grantees may need to revise the scale and scope of the project to ensure feasibility. HUD will work with grantee to identify final component funding amounts and scale projects appropriately.

### **What is the process to adjust the scope of activities, funding amounts, and leverage amounts in order to develop an Action Plan for NDRC funds?**

Grantees should request a consultation call with HUD to discuss the proposed adjustments to the scope of activities, funding amounts, and leverage amounts. The first of those calls will begin Wednesday, February 17<sup>th</sup> at 10am, and will continue each day at both 10am EST and 1pm EST. Requests will be granted in order they are received. Please send requests to [resilientrecovery@hud.gov](mailto:resilientrecovery@hud.gov) with the subject "NDRC grantee request for project consultation."

### **What is the timeline for grant execution, obligation?**

All NDRC grants must be obligated no later than September 30, 2017. The Department anticipates that most grantees will execute grant agreements no later than May 2016.

### **Will we receive an extension to 2-year expenditure timeline? Have we been granted the waiver(s) we requested?**

All NDRC grantees will receive an extension of the 2-year expenditure timeline, as requested in the initial NDRC application. The approval of those expenditure deadline extensions will be published in a Federal Register Notice. If a grantee has not requested that waiver, the grantee still has the opportunity to request that waiver.

### **What training will be available to grantees?**

Grantees who are new to CDBG disaster recovery grants appropriated under Public Law 113-2 will receive targeted training on grant requirements. All NDRC grantees may continue to take advantage of webinars and learning opportunities with other Federal partners and the philanthropic community. Webinars and learning opportunities will continue to be posted via the HUD Exchange and targeted e-mail from [resilientrecovery@hud.gov](mailto:resilientrecovery@hud.gov). If there are training topics that grantees would like to see covered, please send that request to [resilientrecovery@hud.gov](mailto:resilientrecovery@hud.gov).

### **Financial certifications timeline? Will existing grantees be required to submit documentation of financial certifications?**

Yes, existing grantees will be required to submit documentation of financial certifications to revise them to reflect new financial requirements in 2 CFR 200. HUD will publish a Federal Register outlining the

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revised date of submission for financial certifications as part of the formal Notice of Funding Availability (NOFA). This is different than the date published in the NOFA.

### **When will NOFA be published in the FR?**

The Modified NOFA will be published in the Federal Register in early April 2016, then an additional FR to capture waivers.

### **Who are the HUD representatives assigned to grantee?**

Grantees that have existing CDBG-DR grantees will continue that grant management relationship with their currently assigned HUD CPD Field Office. HUD's Disaster Recovery and Special Issues Division will continue to be the assigned "Field Office" for and will be the program office for policy and guidance for NDRC grants.

### **What is the timeline for requirements: enter DRGR action plan, update projections, draw funds?**

Within 30 days of the FR Notice, grantees must submit certification documentation (but are encouraged to do so earlier).

Within 60 days of DRGR line of credit (following execution of grant agreement), grantee expected to begin drawing funds from DRGR.

Within 90 days of grant award letter grantee updates projections and revises DRGR Action Plan to reflect funding levels.

### **What levels of leverage are available for selected and non-selected NDRC projects? Will grantees be permitted to scale leverage in accordance with HUD funding, or is some other way?**

Grantees will be able to scale leverage for individual selected projects during its negotiations with HUD. Revised leverage amounts to reflect the approved projects must be included in the grant agreement and DRGR action plan. HUD will work with grantees to identify final component funding amounts, including leverage amounts that were contingent on project funding.