
National Disaster Resilience Competition

Frequently Asked
Questions (FAQs) for
Phase 2

HUD

National Disaster Resilience Competition Frequently Asked Questions – Phase 2

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¹ Note: The most recent FAQs are added at the bottom of their respective categories and labeled “NEW”.

A *denotes categories with new FAQs. Please refer to the FAQ Categories Table of Contents.

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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 or separate responses, the NOFA governs.** Please read the NOFA carefully.

Benefit Cost Analysis (BCA)

1. What do we expect for the overall BCA and what do we expect for the project specific BCA?

We expect the overall BCA to be as complete as possible, following the instructions in Appendix H. For portions of Appendix H that cannot be completed or have high uncertainty because specific projects are not yet known, the BCA must describe a method for distributing funds including specific criteria such as might be used for underwriting, that will demonstrate as precisely as possible how an applicant would make funding decisions, including the missing or uncertain Appendix H BCA analysis elements. The method should include as much data and be as complete as possible. The applicant has to make the case that the program benefits will be demonstrated by the evidence submitted to justify the costs for the program as a whole and for each selected project. If selected for award, HUD will require subsequent project-specific BCAs that must also demonstrate that benefits justify the costs. In the factor narratives, reviewers will also be looking for capacity for ongoing management of funding awards and criteria for distribution. Applicants are expected to describe BCA for programs in a method similar to, but much more robust than, a method of distribution that state grantees might use under the typical CDBG-DR program to allocate funds to local subrecipients.

2. How much background information does HUD want to see? Do we want to see full studies attached to the NOFA?

If there is an Internet link to a study or dataset the applicant may just provide that link. If the data source is not available on the web, it would be appropriate to attach a paper or a summary to the NOFA. Applicants should note that there is a size limit to grants.gov submissions.

3. Does HUD require modeling for BCAs?

It will depend on the project. Conducting a model can give you better and more certain data for your BCA. It can also have benefits outside a BCA, for example bringing in FEMA resources, or ability to change flood maps (FIRMS). If an applicant does perform a model, HUD would prefer not to be sent reams of output data. We would like a description of the model, and the name and competency of the analyst(s), a discussion of assumptions, an output, and an uncertainty determination.

4. How should an applicant approach the 1-5 uncertainty scale?

HUD wants more than just a number from 1-5. Applicants should explain how they got to the determination of uncertainty and include reasonable documentation to support the decision.

5. Will HUD allow material or service price “escalation” to be included in the BCA?

In some circumstances, the cost of specific materials or services escalates at a rate higher than overall inflation rate. FEMA has allowed the inclusion of price escalation in BCAs in specific cases, with documentation.

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Appendix H states that applicants should use 2015 constant prices and should not use price inflation when projecting benefits and costs. Escalation is slightly different than inflation in that it applies to one specific good or service, as opposed to the overall market. An example would be that general inflation in the US was less than 5% between 2003-2007, but the price of steel increased by 50% during that time.

If an applicant has reason to believe that the cost for a certain item is increasing in the future, they should include that information when determining project cost only if they can provide documentation that supports the specific escalation. The applicant may also choose to show sensitivity analysis comparing the outcome at 2015 constant prices to the outcome incorporating projected cost escalation of a specific good or service.

- 6. In reviewing Appendix H to the NDRC NOFA it states on page 2 that “HUD will accept an existing BCA for a proposal that has been *accepted*,” by USACE, FEMA or USDOT (emphasis added). As these BCA programs are structured and in place, is it acceptable to use the FEMA or USDOT BCA tools to develop the required BCAs for submittal with the Phase 2 application?**

Regarding specific BCA analysis tools and data sources, please refer to BCA Question 8, below.

Regarding the use of other official BCA toolkits or BCA methodologies (ex. FEMA or DOT) for this purpose, HUD is not dictating the specific methodology and will accept such BCA methods provided they meet the four criteria laid out in Appendix H ((1) The BCA is based on the project as presented in the CDBG-NDR application; (2) The BCA accounts for economic revitalization and other social/community benefits; (3) The BCA shows how analysis would change if HUD partially funds the application, and (4) the applicant justifies using a modified discount rate); that they include a version with a 7% discount rate and using the assumptions laid out in Appendix H; and that they understand that HUD reviewers will not have access to the FEMA or DOT toolkits and so they must spell out any assumptions or calculations from the toolkit.

- 7. Are there any mandatory checklists or templates that must be followed, in addition to the table identified in Appendix H?**

The only mandatory template is the table describing BCA costs and benefits identified in Appendix H.

- 8. To what extent are we permitted to use tools such as Hazus and HEC-FDA to facilitate completion of the BCA?**

Applicants are permitted and, in fact, encouraged to use tools such as Hazus (FEMA’s Hazards US Predictive Model) and HEC-FDA (The Flood Damage Reduction Analysis software developed by the US Army Corps of Engineers' Hydrologic Engineering Center) to generate data for an NDRC BCA. HUD encourages applicants to consider all sources of relevant and reputable data. We particularly encourage federal data sources, which have been vetted and accepted by other federal agencies. However, there may be other data sources more targeted to your project or your region. Examples include state, tribal and local government sources, academic papers, or non-profit research centers. Whatever source you use, make sure to cite it clearly in your BCA. If the source is not available online, submit the data set as well.

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9. Please provide clarification as to whether there are page limits for the BCA or for sections within the BCA. The NOFA states in Section IV. Application Submission Information, B. Content and Form of Application, c. Exceptions to page limits, “Benefit-cost Analysis. You will submit a Benefit-Cost Analysis (BCA) for each Covered Project in your Phase 2 application in accordance with the instructions in Appendix H. There is no page limit to the BCA, however, material in the BCA will not be considered as part of the award of points for a rating factor.”

Within Appendix H, the following is stated on page 1, “Additional information or narrative to explain how monetary costs or benefits are established for the purpose of calculating a net present value and benefit-cost ratio may be included in the BCA Attachment to the Phase 2 application without counting against the application page limit.”

Further on page 3 under the heading Benefit Cost Analysis, Appendix H states, “The BCA must include all pertinent data and quantifiable calculations for benefits and costs listed in the narrative description in a single spreadsheet tab (or table in Word.) Applicants may also include up to three pages summarizing other benefits or costs that are difficult to quantify.

There is no page limit for the BCA calculation, required BCA Narrative Description (including the table), or additional narrative to explain how monetary costs or benefits are established for the purpose of calculating a net present value and benefit-cost ratio.

There is three page limit for summarizing benefits or costs that are difficult to quantify.

10. **When discussing economic factors, does HUD seek to receive a complete Economic Impact Analysis as part of the deliverable package? The economic impact analysis is intended to demonstrate the post-implementation economic benefits that are expected to result from the project.**

You should include the complete EIA in a Dropbox or similar document sharing site and provide the link within your BCA summary, then describe in the BCA how you used the results of the EIA.

11. **Is there a suggested format to either the 3-page hard to quantify Benefits and Costs, the descriptive narrative (beyond the 8 questions on pages 2 and 3 of Appendix H), or the narrative on establishing monetary costs or benefits?**

No.

12. **We are seeking some clarification on language within the updated version of Appendix H: The BCA accounts for economic revitalization and other social/community benefits (a supplemental narrative no longer than three (3) pages may be provided to describe these factors); Applicants may also include up to three pages summarizing other benefits or costs that are difficult to quantify. Are these the same three pages? To the extent that the economic revitalization and social / community benefits can be quantified, must they be included in the three page count?**

Yes. Same 3 pages per project or scaling/scoping chunk.

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- 13. BCA Appendix H: “Any costs associated with actions taken by the Applicant or any governmental partner(s) have taken action(s) after the date of the Qualified Disaster, to enhance resilience as described in Attachment K.”**

We have been unable to locate Attachment K referenced within the NOFA. Please advise.

This is an error. The phrase, “as described in Attachment K,” should not be there. This is referring to your long-term commitment actions which must be included in a Covered Project BCA.

- 14. Are there formatting requirements associated with these three pages?**

No. Please make it readable.

- 15. We are still struggling to understand what would go on these three pages versus what would not be included in the page count. For example, the NOFA calls for specific metrics and quantification of benefits associated with resiliency value, social value, economic value, and environmental value. Are you stating that the economic value and social value quantified must be summarized within three pages or must only those benefits we have been unable to quantify be summarized in three pages?**

The three pages are for items that cannot be quantified or should not be quantified but are nevertheless held to be important for understanding the value of the proposed project.

- 16. We are trying to understand how the three pages apply – if we have three projects, would that mean we have 12 pages available (one for each project and one for the application as a whole (all projects combined)), or nine pages (one for each project)?**

Nine pages. One for each project/program.

- 17. We have developed an extensive flood protection plan that will require many years and a billion dollars to construct. We will not request funding for construction of flood protection infrastructure from NDRC funds, however part of the long-term resilience will be provided by this flood protection infrastructure. Should we include this flood protection infrastructure system in the NDRC Phase 2 BCA in order to show the overall approach to resilience being developed for the region?**

If you are requesting CDBG-NDR funding for a phase or portion of the system, it would be appropriate, of course, to include that phase or portion in the BCA. The question here is whether HUD would consider adoption or implementation of the flood protection plan a long-term commitment, which would then have to be included along with a Covered Project’s BCA analysis. Without knowing all of the details, adoption of a long-term plan to make your community more resilient would fit under one of the planning categories in Factor 5, which would support including adoption of such a plan and, probably, the program to implement it, into the BCA as a long-term commitment element, even if the outcomes are uncertain.

- 18. Should the BCA be done at the activity level or project level?**

You are to submit BCAs for all projects as the unit of analysis (not activity) as well as your long-term commitment.

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19. Can you define “project” in regards to the NOFA?

Project is defined in the NOFA list of definitions. We used a definition close to the NEPA version of a project. Scaling and scoping by activity may happen. BCA unit of analysis is the project; not the activity. See 24 CFR 58.22 (NEPA Review)

If the whole project does result in a 1 result, but not the separate activities or scaling/scoping/phasing, use the qualitative section to get that added info across about how the sections would build on each other.

20. With regard to the BCA, if we include an activity as part of a project and requests 50% of the activity cost from NDRC funds and 50% of the activity cost provided from non-NDRC funds, should the BCA reflect the total activity cost and thus total benefit or should it include only the NDRC activity cost and a proportional share of benefits.

Total costs and benefit of the complete activity/project must be included.

21. In several Phase One proposals the NIBS document, which uses a four-to-one benefit costs ratio for disaster mitigation, is frequently quoted. Should this zero discount rate be used in Phase Two benefit cost analysis?

While the study does mention the four-to-one ratio, and that they use a lower discount rate than the seven percent, the NDRC NOFA requires use of the seven percent discount rate, at a minimum. If an applicant believes that, for a specific project, a different rate would be a better choice, the applicant may ALSO submit a BCA documenting and demonstrating the effects of a different rate.

22. Does the point that each phase should have an independent utility mean that each phase or component must have a BCR greater than one, or does it mean that each phase component must be a part of a logical-related project and contribute to the total benefits?

You have to show that the benefits outweigh, or equal, the cost for each component. The three page supplement comes into play here. If there are benefits on, for example, community cohesion or some other value that is difficult to monetize, you can include that in the qualitative narrative and we will take that into account. This standard applies to the project as a whole and to all the components and phases.

23. It was stated that the BCA narratives must be evidence based. Does this mean historical damages only, or does it also include engineering analysis/ judgment?

We really want the BCA to be grounded in data and evidence, but it is not limited to only historical damage. FEMA has a lot of models on how to assess future damages that may occur from a similar disaster. There are ways to assess frequency of storm events, fire events, or whatever disaster pertains to your project so long as you are using theory or published data that is cited. Engineering estimates are allowed as long as they are based on sound judgment, based on other agencies, and identify the risks and the recurrence information.

24. Does the qualitative portion of the BCA hold as much weight as the quantitative?

The NDRC does not have an established weight for each component of the BCA. The NOFA states that no Phase Two project or any Phase Two activities for covered projects will be funded for which the benefits to the applicant community, and to the United States as a whole, are not demonstrated by the evidence

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submitted to justify the cost. The reviewers will use both the numbers you come up with in the BCA and the qualitative supplement to make that determination.

25. If some BCA calculations are done using FEMA BCA software, can we attach the FEMA BCA software output as documentation and will HUD have the software expertise to open, read and interpret the FEMA BCA results?

HUD will not be able to run FEMA software, you must submit your BCA in a form HUD can review and if there are any calculations, assumptions or data that are just being pulled from FEMA software; they would have to be outlined separately. The NOFA states that BCAs that were done for FEMA are allowed. However, an NDRC BCA has to meet all the criteria that are outlined in Appendix H. All HUD required information must be included such as, the economic development, revitalization and other issues and assumptions outlines in Appendix H. Please advise that for the NDRC BCA there are three parts including the quantitative calculation analysis narrative, the form, and the three-page qualitative narrative. Remember there is no page limit for the BCA calculations.

26. Without having precise modeling, how is the extent of the benefits for a large infrastructure type project estimated?

You may choose to use some type of Hydrologic and Hydraulic or other modeling to demonstrate what the benefits are being generated from this infrastructure project and to ensure that there are no adverse effects. There is no specific modeling required. Please refer to the Appendix H requirements.

27. Are we expected to conduct all necessary modeling as a part of the Phase Two applications?

There is no specific modeling required by the NOFA.

28. To what extent does HUD expect the BCA narrative, or other parts of the application, to consider alternative projects to those being proposed for HUD CDBG-NDR funding?

Effectively, Appendix H only requires analysis discussion of the project and of one alternative, which is not doing the project. The NOFA also allows for submission and discussion of a BCA analysis of an additional, alternative discount rate. However, one thing that is highlighted in the NOFA is the link between the NEPA (the environmental review) and the BCA. The OMB circular talks about discussing alternatives and the NEPA analysis also discusses some alternatives. Within the boundaries of the guidance from OMB and NEPA, decisions can be made about presenting analysis of alternatives within the BCA and discussions with stakeholders.

29. What is the unit of analysis for the BCA that is asked for as a part of the application?

In Appendix H of the NOFA it states that the logical, functional or geographical components have to be aggregated together. Look at the whole project and aggregate related activities. Note that, if you have a Covered Project and are required to submit a BCA, then the long-term commitment benefits and costs must be included in your BCA.

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30. Does HUD expect sensitivity analysis for every BCA or just those with big uncertainties?

There is a required table that needs to be filled out for each cost and benefit. The table asks for a determination of the uncertainty of each cost and benefit. A strong BCA will include some sensitivity analysis focused on alternatives associated with uncertain benefits or costs.

31. The presentation located at <https://www.hudexchange.info/training-events/courses/ndrc-nofa-specific-benefit-cost-analysis-appendix-h-overview/> states that HUD requires all data and calculations to be provided in a single excel spreadsheet tab or table. This would not be possible for resiliency calculations if those calculations are completed in Hazus, HEC-FDA, or if the applicant uses depth damage functions provided by the USACE. Question 10 of the Phase 2 FAQs also states that a complete economic impact analysis may be shared via a cloud-based website, describing in the BCA how the results of the EIA were used. Would a similar approach be appropriate for complex resiliency benefits calculations? For example, if resiliency benefits are calculated within a large workbook or access database, would HUD like to receive this database so as to review the calculations and results?

Appendix H does state that the “BCA must include all pertinent data and quantifiable calculations for benefits and costs listed in the narrative description in a single spreadsheet tab (or table in Word.)” However, to clarify, we would like the single spreadsheet to be the final BCA calculation that summarizes costs and benefits for each year through the analysis period. Here is a very simplified example from our first webinar:

Calendar Year	Project Year	Affected Drivers	Travel Time Saved (hours) ¹	Total Value of Time Saved (\$2013) ²	Initial Costs (\$2013)	Operarations & Maintenance Costs (\$2013)	Undiscounted Net Benefits	Discounted at 7%
2015	1				\$38,500,000	\$6,000,000	-\$44,500,000	-\$41,588,785
2016	2	80,000	1,040,000	19,656,000		\$700,000	\$18,956,000	\$16,556,905
2017	3	95,000	1,235,000	23,341,500		\$700,000	\$22,641,500	\$18,482,208
2018	4	100,000	1,300,000	24,570,000		\$700,000	\$23,870,000	\$18,210,309
2019	5	102,000	1,326,000	25,061,400		\$700,000	\$24,361,400	\$17,369,342
2020	6	109,000	1,417,000	26,781,300		\$700,000	\$26,081,300	\$17,379,071
NPV								\$46,409,050
1. Number of drivers times three minutes a day (3/60 hours) over 260 workdays								
2. Hours at \$18.90 per hour for All Purpose inter-city travel (\$2013)								
3. Includes costs from delays to users during construction								

Any data generated through Hazus or depth damage functions should be monetized and included in your BCA calculation. The separate required narrative table would be a good place to discuss the basis and/or methodology for quantifying and monetizing each benefit and cost, including data sources. Think carefully about whether this summary would be sufficient. If it is necessary for HUD reviewers to view the full data set, you could upload it as part of your BCA attachment or make it available from a link within that document to a Dropbox or similar site.

32. We plan to invest in a flood protection system in our region in the future but haven't defined the scope and will not request NDRC funding for them. We want to include the flood protection system plan as a long-term commitment and part of our long term resilience strategy. The project will not be completed for several years.

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While portions of the flood protection system have been designed, future phases have not been designed or funded as yet. How should we present our BCA for this long term commitment? Should we submit a more qualitative estimate of costs and benefits for the flood protection system or is there a better way to approach this given the unknown cost factors?

If you will include the flood protection system plan as a long term commitment, then you must include this in the BCA. HUD does allow three pages summarizing benefits and costs that are difficult to quantify.

However, if the costs and benefits for the flood protection system plan can be quantified and monetized but are highly uncertain, the city could consider including a sensitivity analysis with the BCA. The NOFA allows additional pages for information or narrative to explain your approach to the calculation. (Page 1 of the NOFA: "Additional information or narrative to explain how monetary costs or benefits are established for the purpose of calculating a net present value and benefit-cost ratio may be included in the BCA attachment without counting against the application page limit.")

(Note on long-term commitment – each commitment must include baseline and goal outcome and a date, as described in the NOFA under Phase 2 Factor 5: Regional Coordination and Long-Term Commitment)

- 33. We are proposing three projects and two programs in its NDRC Phase 2 response. Each project is made up of several activities. Only one of the projects meets the NOFA's definition of a covered project. The other projects and programs do not. It is our understanding that BCA's should be submitted at the project level, as noted in the response to FAQ BCA #18. However, is a Benefit Costs Analysis of projects and programs that do not meet the covered project definition required, given that we have a covered project within the application?**

The BCA is only required for the Covered Project. Other smaller projects and programs that are not integrally related only need to have the four metrics prompted in Factor 3:

“(2) Propose at least one metric per category to track for each proposed project. Whether or not you are proposing a Covered Project, you must review the BCA instructions found in Appendix H and select metrics related to the “Resiliency Value,” “Environmental Value,” “Social value,” and “Economic Revitalization” categories that best relate to your proposed activities. HUD is allowing you latitude to set the measures for the desired outcomes that will result from implementation of your proposed projects and programs, requiring only that the proposed metrics be clearly relevant to measuring the success of your proposed project(s) in the context of the objectives you set out in response to this NOFA. HUD encourages you to go further and incorporate periodic evaluation of project outcomes, including resilience outcomes, into the scope of your overall effort.”

Expenditure deadline

- 1. Must all funding be expended in 2 years? How are grantees awarded CDBG-NDR grants expected to comply with 2-year expenditure deadline for large multi-phase infrastructure projects?**

Once CDBG-NDR grantees obligate funds through an executed grant agreement, they must draw down and spend that money within two years, unless they request and receive an extension of the expenditure deadline. The two-year clock is triggered only on the funding included in a grant agreement.

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Each grantee may obligate funds through a grant agreement in phases, so that the two-year timeline can be staggered across the full award. Grantees will have until September 2017 to obligate the full amount of their award. The September 2017 obligation deadline may not be waived, but see Appendix E of the NOFA for more information on requesting a waiver of the expenditure deadline.

- 2. Regarding the absolute end date for the grant with waivers, I have heard both 2019 and 2022. Can you confirm that the absolute end date with waivers is 2022? Also, please clarify if the end date is the federal fiscal year (9/30) or the calendar year (12/31).**

Assuming waivers are justified and granted, the absolute end date associated with the P.L. 113-2 appropriation statute is September 30, 2022, for expenditure of all funds from the grant line of credit. (For some CDBG-NDR activities, it is possible that activity completion and achievement of a national objective could occur after that point.)

- 3. If a waiver is requested to extend the final project expenditure timeline to Sept 2022 and the waiver is not granted, would the applicant be allowed to provide a revised project schedule and revise their projects based on that schedule or would HUD change the schedule and projects. (We understand that we have the opportunity to provide project priorities and scaling information in application).**

Make your best case for any waiver you need to meet the schedule for the project you propose. HUD has retained the ability to take the actions you describe, but whether the Department will exercise those options or others (such as grant conditions) is not something we can speak to at this point.

Waivers

- 1. Are waivers of regulations for existing CDBG-DR grants transferrable to CDBG-NDR grants?**

No. In some cases grantees may already have existing CDBG-DR grants under P.L. 113-2 or other disaster recovery appropriations, and they may have received waivers automatically or through requests to HUD. These waivers do not transfer to the CDBG-NDR grant. CDBG-NDR funds will be separate grants under largely similar, but not identical rules. If a grantee needs any waiver not already described in the NOFA to implement their project using these funds, it should describe and request this waiver in the application. See Appendix E for more information on how to request waivers.

- 2. If we require a waiver, but have compelling need and would get a great overall benefit, how would that effect scoring?**

Waivers will be determined before scoring, but finalized after scoring. It is very likely that panels will rate not knowing the final determination made on any waiver requests.

- 3. The original Federal Register notice for this Disaster Recovery Appropriation (published March 5, 2013) waived the public benefit standards for economic development activities designed to create or retain jobs. Since NDRC is part of this Appropriation, does that waiver still apply to NDRC? Or, do we have to request that waiver in our NDRC Phase II application?**

All of the waivers granted already for the NDRC are included in Appendix A. Paragraph 36 on page 35 includes the public benefit waiver. Any waiver not granted in Appendix A of the NOFA must be approved by HUD through the waiver request process. There are instructions in Appendix E for how to request waivers.

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The waivers granted for the formula allocations of 113-2 funding do not apply to NDRC awards.

- 4. In regard to a waiver request, Appendix E (instructions for requesting a waiver) indicates that we are to submit the waiver request to ResilientRecovery@hud.gov. In the NOFA, waiver requests are to be submitted as Attachment G. Are we to submit the waiver request in both manners by October 27th?**

Either means of submitting a waiver request are permissible, but we prefer both methods.

- 5. Is there a specific form to use or format to follow when requesting a waiver? Or do we just outline our request following the guidance for each type of waiver found in Appendix E of the NOFA and submit that as Attachment G of our proposal?**

We do not have a specific form or format for making a waiver request. Just follow the Appendix E instructions and make your case.

Data

- 1. Can applicants use crowd-sourced data as part of their application?**

HUD encourages the use of any information obtained from the public by any means as qualitative support and to supplement the application narrative. Grantees should rely on a range of data sources, including high-level, standardized data from reputable or official sources as well as data gathered locally through various methods. HUD encourages innovative uses of technology to support information-gathering. The best responses will not only clearly identify the data source, but also note any limitations or uncertainty inherent in the data.

Leverage, Supporting commitments, and Partner Agreements

- 1. When can land be used as leverage for purposes of the competition?**

Land is in-kind contribution and thus not technically allowable as leverage. If an applicant were provided cash after the date of the NOFA to acquire land, and the cash is used for the acquisition of land to be used for the applicant's CDBG-NDR project or activity, then, with documentation of the commitment, the purchase price may be considered leverage. Leverage may be considered direct or supporting depending in which guidelines the applicant follows. HUD has the discretion to decide whether such value qualifies as leverage, and HUD attorneys will determine whether commitments meet the criteria of the NOFA.

Applicants are reminded that land acquisition by the grantee for the project must comply with environmental requirements, as applicable (see 24 CFR part 58 and part 55).

- 2. Looking at the NOFA, I am confused about how in-kind contributions are treated. Are they considered leverage? It seems that some in-kind contributions may be treated as supporting commitments, while others are not. Can you provide some clarification?**

The NOFA explains that leverage in Phase 2 may include traditional financial and in-kind contributions. However, only certain in-kind contributions are acceptable. HUD will consider as direct leverage in-kind contributions in the form of a pledge of planning and administrative costs incurred by the Applicant (including costs incurred under a contract for planning or administrative services). This might include professional staff time or office and meeting space contributed by the Applicant.

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Other direct leverage must be cash committed by an Applicant or a Partner to the CDBG-NDR-assisted eligible activity, project, or program itself, as described in Phase 2 Factor 4 of the NOFA. HUD will not accept a pledge of in-kind costs incurred by Partners, subrecipients, or other entities as direct leverage.

Additionally, supporting leverage commitments do not include in-kind contributions. The NOFA includes examples of supporting commitments that are made with cash contributions (e.g., a university professor who received grant funding to conduct a healthy environment study for the target area or a city that commits its own funding to conduct a traffic redesign study).

3. What is the eligible time period for activities to be considered committed leverage and supporting commitments for this grant application?

All leverage commitments, both direct financial commitments and supporting commitments, must satisfy the requirements under “Phase 2 Factor 4: Leverage” to be counted by HUD.

Among other requirements, Phase 2 Factor 4 of the NDRC NOFA requires all leverage commitments to be supported by leverage documentation that demonstrate that the leverage commitments were pledged after the initial publication of the NDRC NOFA on September 17, 2014. Adequate documentation of leverage commitments must be included in the application and submitted before the NDRC NOFA deadline (10/27/2015), and submitted documentation must demonstrate that leverage commitments are “firmly committed” as of the application deadline date. “Firmly committed” means that the amount of the resource and its dedication to CDBG-NDR Grant activities is explicit.

While all leverage commitments must generally be pledged after the initial publication of the original NDRC NOFA on September 17, 2014, it should be noted that HUD will accept as leverage a general award that was made to the Applicant prior to the initial publication of the NOFA if the Applicant can show that the Applicant made a determination about the use of the award for an activity and geography after September 17, 2014. For example, FEMA public assistance awards are generally made immediately after the disaster (before NOFA publication) and therefore would not be acceptable as leverage. However, HUD may accept the pledge of these funds as supporting leverage if the applicant can show that the CDBG-NDR funds enabled the grantee to redirect, expand, or complete the FEMA public assistance project in the overall target area.

HUD attorneys will review documentation that applicants submit to demonstrate leverage.

4. What are the signature requirements for demonstrating supporting commitments (or supporting leverage)?

Resource commitments must be written and signed by a person authorized to make the commitment and dated. The NOFA provides that, for example, a PHA nonprofit’s Executive Director cannot commit the funds of another agency, organization or government body (unless you can demonstrate otherwise in the application). HUD will accept a signature if the person signing has apparent authority to make the leverage commitment.

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- 5. What parts of the Partner Agreement document should be completed if the Partner is only providing advice and coordination of activities with the applicant and other partners to carry out the proposed activities? In other words, how do you fill out the partner agreement for partners who are NOT getting funds from the NDRC for their participation if funding is awarded, but who are included in the applicant’s capacity section of the application as advisors.**

HUD had not considered the possibility of collaborative Partners who would not be assisted financially with grant funds. We recommend keeping the agreement sections regarding funds and indicate that zero grant funds will be provided. We have a concern that without funds being provided, a Partner’s capacity might not be available as agreed, so you should consider a careful response to the NOFA prompt regarding what you will do if a Partner drops out. You may also choose to add clauses to the Partner agreement addressing this.

- 6. If a locality has a grant-funded project that supports NDR-funded activities can 100% of the grant be used as supporting leverage? Do we need to ask the grant funder for a partner letter, or can we provide evidence of the award and a partner letter from the awardee (who will actually carry out the activities)? Also, if the grant is a federally funded grant that cannot be counted towards leverage, but the grant has a required local-level match, can the match be counted as leverage? If a non-federal grant requires leverage, but NDRC funds will not be used as leverage, are those grant funds eligible to count towards NDRC leverage?**

We are urging applicants to have their local attorneys read the NOFA requirements on leverage and the Appendices on Partners letters and agreements. These are separate requirements. The NOFA does say that for all Partners in Phase 2, you will need to have both a letter and an agreement.

- 7. The Department of Defense has a significant presence in our target area and is working on its own resiliency efforts. We are not proposing to use NDRC funds on federal land, however, various DoD groups have been heavily engaged in our efforts. We understand they cannot sign a Partnership Agreement, but what other means can be utilized to show their commitment and support of this project? If a DoD project has co-benefit in one of our target areas, can their work be claimed as leverage?**

If the DoD projects will help achieve your long-term commitment or overall proposal outcomes, you should describe that in the applicable responses.

- 8. What are the requirements for demonstrating supporting commitments (or supporting leverage)?**

- a) There is no dollar value/cost associated with the services, but we could ask for them to assign a value based on costs.**

Resources must be firmly committed, meaning that the amount of the resource and its dedication to support the CDBG-NDR grant must be explicit. An estimate or maximum amount is insufficient documentation. The leverage documentation must demonstrate a minimum amount that is firmly committed as supporting leverage (dollar amount) as well as any terms of the commitment.

Supporting commitments do not include in-kind contributions, such as professional staff time or office and meeting space from your Partners. Staff time and benefits of the Partner(s), subrecipients, or other entities (if any) are not an eligible leverage resource.

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- b) The funds will not be going through our organization, but we could report on the use of the services as they relate to the cost assigned by the organization.**

Answer 2: A supporting commitment is funding that you *or your Partners* have available to carry out activities that directly support the overall proposal. The documentation must indicate that the supporting commitment supports the applicant's overall proposal.

- c) The executive who signed the letter is not the Director or President, however he/she is the "decision-maker" in this case.**

Resource commitments must be written and signed by a person authorized to make the commitment and dated. The NOFA provides that, for example, a PHA nonprofit's Executive Director cannot commit the funds of another agency, organization or government body (unless you can demonstrate otherwise in the application). HUD will accept a signature if the person signing has apparent authority to make the leverage commitment.

- 9. We have been advised that Partnership Agreements are applicable ONLY for "Leverage Partners" providing direct financial commitments – direct cash leverage. For all other partners a letter of intent is the requirement. Is this correct?**

No. Appendix C says:

"NOTE: All Partners must submit a letter of intent to participate as part of the Grantee's application for CDBG-NDR funds for Phase I. For Phase 2, a letter of intent to participate and a binding cooperation, subrecipient, or developer agreement, or a contract, as applicable and contingent upon award, must be submitted with the Grantee's application for CDBG-NDR funds."

Note that Leverage documentation and Partner documentation are two separate requirements. For example, any entity (such as a bank) may provide cash leverage to a project without being a Partner. A Partner may provide capacity through advice, consultation, or in-kind support and not provide cash to be counted for Leverage.

- 10. Several state agencies will have some role in the proposed Phase 2 project, but all fall under the umbrella of state government. Should each of the different state agencies be considered "partners" for purposes of the NOFA, or is that unnecessary since they are all part of the same state government whole?**

We are open to either approach, provided the lead agency can enforce program requirements. As a default, HUD will view the State as one entity unless told otherwise. Applicants should consider what protocols exist or would need to exist to structure financial management and enforcement of requirements across distinct agencies, such as MOUs or another type of formal agreement.

- 11. Is it possible for new Partners to be added to an Applicant's Phase 2 application if they were not identified in the Phase 1 application? If so, are new Partners required to submit a Letter of Intent to Participate in the Phase 2 application?**

Yes. All Phase 2 Partners must submit both a Partner letter and an agreement in accordance with the instructions in Appendices C and D.

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- 12. Can an agreement with a professional service provider be set up to pay for the services only if an award is made? The applicable regulations (2 CFR §200.459(a)) indicate that grantees cannot make a professional services agreement for pre-award costs contingent upon the award of federal funds. Applicants that receive an award therefore cannot use award funds to pay for professional service costs if the cost of service was contingent upon the Applicant's selection to receive CDBG-NDR funds. But what if the agreement makes payment contingent on project implementation?**

This question discusses pre-award costs. Pursuant to the NOFA, costs of activities carried out on or before the date of the letter announcing the award, except to reimburse CDBG-NDR eligible costs of grant application preparation, including planning and citizen outreach activities, are ineligible. Information on ineligible uses of CDBG-NDR funds can be found in the Competition NOFA at section III.C.2, and in Appendix A.

- 13. A local housing nonprofit organization is planning a joint initiative with our city that seems like it might be a good fit for the competition. Is it appropriate for this organization to file the application or must it come from the city?**

The only eligible applicants for the competition are the 40 states or units of general local government that HUD invited to participate in Phase 2. HUD will not accept an NDRC application or make an NDRC award to any other applicant from your community or jurisdiction.

Any eligible applicant may apply with Partners who may become subrecipients, contractors, or play other roles. If HUD makes an award to an eligible applicant, that entity, as grantee, remains legally and financially accountable for the use of all funds and may not delegate or contract to any other party any inherently governmental responsibilities related to management of the funds, such as oversight, policy development, and financial management.

- 14. When is a Partnership Agreement applicable to a program or project? For example, if an organization agrees to act as a subject matter expert for a program or project, do both Appendices C (Partner Letter) and D (Partner Agreement) need to be submitted, or solely C?**

All Phase 2 Partners must submit **both** a Partner letter and an agreement in accordance with the instructions in Appendices C and D.

When we drafted the NOFA, we had not considered the possibility of Partners who would contribute to project management without requesting grant funding or other assistance. We would keep the partner agreement sections regarding funds and indicate that zero grant funds will be provided. We have a concern that without funds being provided, a Partner's capacity might not be available as agreed, so you should consider a careful response to the NOFA prompt regarding what you will do if a Partner drops out. You may also choose to add clauses to the Partner agreement addressing this.

- 15. We received CDBG funding in response to a 2013 tornado event in the same target area as that proposed in our NDRC application. Those funds will not be part of NDRC budget but can they be used as supporting leverage as they will be used for related recovery activities in identical area?**

In some cases CDBG funds (not CDBG-DR) are reallocated to communities that have experienced a disaster. These funds may be included as supporting leverage because they are officially part of the annual CDBG program.

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Paragraph (7)(b) in the Leverage factor prompt says:

“(g) HUD and other federal agencies, provided the statutory language of the funding source allows the funds to be used for these purposes. (HUD will not make a determination regarding whether other agencies will permit the pledge of a federal award as leverage). Public Housing funds and other funding provided under the U.S. Housing Act of 1937, as amended may be not used as match or leverage. Funds awarded under P.L. 113-2 may not be considered as leverage. Annual Community Development Block Grant (CDBG) awards under the HCD Act may be considered, however, to be considered as leverage, the proposed activity must be included in the CDBG recipient’s annual action plan. Such plans may be amended to include the CDBG-NDR funded activity(ies) eligible under those grants”

16. If you have received a Partner Letter from a Partner in Phase 1 do you need to get another Partner Letter for Phase 2 or will the Phase 1 Partner letter suffice?

In short, Phase 2 applicants may resubmit a Phase 1 Partner Letter that meets the requirements of Appendix C, assuming it still accurately represents the commitment of the Partner. In Phase 2, the NOFA requires grantees to submit both letter of intent to participate (which may be the same letter submitted with Phase 1) **and** a binding cooperation, subrecipient, or developer agreement, or a contract (as applicable) that meets the Partner Agreement requirements of the NOFA and the Partner Agreement in Appendix D.

We note that Phase 2 Factor 1 of the NOFA provides “For Phase 2, HUD will consider Partner capacity in scoring this factor if, for each Partner, your application submission includes a letter of intent and AND a binding cooperation, subrecipient, or developer agreement, or a contract, as applicable, with the Applicant, contingent on grant award. See Appendices C and D for instructions on completing Partner documentation. . . . Under this Capacity factor, HUD will only consider Partners who have firm agreements to work with or for the Applicant if award is made (see Appendices C and D).”

Applicants have the discretion to amend Phase 1 Partner letters before submitting in Phase 2. When submitted, Appendices C and D should accurately reflect the commitment and role of the Partner, as described in the NOFA.

17. We have received questions from potential project partners and funding sources concerning the applicability of HUD regulatory requirements when CDBG-DR dollars and non-federal dollars are being used to complete a single project. As an example, we are in discussions with a quasi-governmental utility company to partner on an important water management project. The utility company has local dollars to commit to the project that would serve as leverage for the potential NDR funding. The utility company would be involved in both the implementation of the project and a source of leverage financing. We need to know the extent to which CDBG requirements apply to this outside funding.

Specifically, we are seeking clarity with respect to the ability to phase projects in such a way that the CDBG-DR funds are utilized for specific portions of the overall effort and the regulations that follow those funds are limited to those portions only. In such a scenario, we would procure and contract with a vendor to complete a defined scope of work. The utility company would separately select and contract with its own vendor to complete a defined scope that its non-CDBG-DR funds would cover.

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Would structuring the project in this manner preclude the City from receiving credit for the leverage commitment the utility company would bring to the table?

HUD cannot advise you on how to approach program design for the competition. As a matter of regular CDBG guidance, remember that the triggers for procurement and for labor standards are closely tied to the contract and scope of work. CDBG grant monitors are trained to review contracts for manipulation that seeks to avoid cross cutting Federal requirements such as environmental and labor standards. Make sure separate phases or portions are really, logically separate. Some guidance on cross cutting requirements can be found here: <https://www.hudexchange.info/training-events/2015-cdbg-dr-regional-training/>

For environmental review, you may still have to include all portions of a project if they are integrally related as described in 24 CFR part 58. In all cases, applicants/ grantees are encouraged to acquire an expert to consult on such requirements.

We described Direct Financial Commitment as cash to the CDBG-NDR-assisted activity, project, or program itself. Supporting Commitments are funding that will be used to carry out activities that directly support the overall proposal. What you describe in your question (if you can truly separate the project into logical components) seems to shift the utility company funding from the direct to the supporting category.

- 18. Does a “firmly committed” leverage partner need to document the dollar amount and purpose (NDRC) of their commitment by Oct. 27th, with the indication in the documentation that their funding cycle may allow them to make the actual contribution in 2016-2017? For example, see the following proposed commitment language: “Company A is committed to work in partnership with Resilient County toward its efforts to increase resilience and is willing to make a financial contribution as leverage to the county’s application. Given our routine funding cycles, we are unable to firmly commit cash leverage at this time. However, Company A plans to consider a request in the amount of \$XXX,XXX to contribute leverage to NDRC activities of Resilient County Government at our normal December 2015 board meeting.”**

In short, a firm commitment is just that – firm. HUD could accept leverage that is firmly committed (the commitment decision is made) but will be provided in the next funding cycle. However, leverage commitments must satisfy the requirements under “Phase 2 Factor 4: Leverage” in order to be counted. Therefore, HUD cannot accept commitment documentation if the language indicates that the commitment decision has not been made, that funding “may” be provided, or that the entity or individual signing the letter does not have the authority to make the commitment. The NOFA states that leverage documents must represent valid and accurate commitments of support. Further, they must detail the dollar amount and any terms of the commitment.

Finally, to clarify distinction between “Partner” and partner committing leverage, we want to make clear that a leverage commitment (direct financial commitment or supporting commitment) can be made by an entity or individual that is not a Partner, in which case no Partner documentation is required. The Phase 2, Factor 4 leverage requirements must be demonstrated in Attachment B of your application, in a document on letterhead from the individual or entity providing the support. If a supporting commitment is made by your Partner, your application and Attachment B supporting documentation for Phase 2 Factor 4 must be accompanied by the Partner Documentation required by Appendices C and D

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of the NOFA. Please refer to Appendices C and D and other portions of the NOFA for further instructions and templates of the Partner Letter and Partner Agreement.

- 19. Our team will attend the Phase 2 Applicant & Funders Summit to be held in Washington D.C. on October 5th and 6th. Should we successfully obtain additional funding for one of our proposed NDRC projects or programs at the Summit, we would like to reflect that funding in our application as leverage. Our understanding, however, is that this additional allocation of funding would constitute a significant change to the application which would require re-publication and further public comment. Given how close the Summit date is to the submission deadline for the application, we are unsure as to how we could take credit for this potential leverage while still complying with the NDRC public notice and comment requirements. Please advise on how a grantee that receives additional leverage in the weeks before the application is due should proceed.**

Public comment for a competition is subject to a due diligence consideration. If an unavoidable change happens between publishing for citizen comment and submission to HUD, you may alter your application to reflect the change and submit it. We recommend noting somewhere in your submission that the item did not go out for comment, or went out for an abbreviated period, and explain why.

- 20. I have a question about the inclusion of indirect costs as part of our institution's match/contribution to the project. May indirect project costs (Facilities and Administrative) be included in our budget as match/leverage or should these costs should be excluded from the budget.**

The NDRC does not require match. The competition is awarding points for leverage, which is defined as follows:

“Direct Financial Commitments. A direct financial commitment (direct leverage) is cash committed by an Applicant or a Partner to the CDBG-NDR-assisted eligible activity, project, or program itself, and the funding is available to you to directly carry out your CDBG-NDR proposal. All direct leverage must be included in the budget for the project together with the CDBG-NDR assistance, as described below and in Factor 3 - Phase 2. HUD will accept as direct leverage a pledge of planning and administrative costs incurred by the Applicant (including costs incurred under a contract for planning or administrative services), but HUD will not accept a pledge of in-kind costs incurred by Partners, subrecipients, or other entities as direct leverage. “

“Supporting Commitments. A supporting commitment (or supporting leverage) is funding that you or your Partners have available to carry out activities that directly support the overall proposal, but are not part of the sources and uses of the proposed CDBG-NDR-assisted project or program. Examples of this type of commitment include a university professor who received grant funding to conduct a healthy environment study for the target area or a city that commits its own funding to conduct a traffic redesign study for an intersection or corridor in the target area or a state that changes its low-income housing tax credit qualified allocation plan to direct tax credit resources to meet affordable housing unmet needs of the target area. This does not include in-kind contributions, such as professional staff time or office and meeting space from your Partners. Leverage points will not be awarded if the leverage documentation does not indicate that the supporting commitment supports the overall proposal.”

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In addition to the cash resources pledged for leverage, the responses to the NDRC Factors related to applicant and Partner Capacity, Soundness of Approach, and Long-term Commitment could possibly benefit from a discussion of resources assisting the proposal's implementation.

21. Can Applicants reformat the signature page of the Partner Agreement Template? We would rather not enter into agreement committing to pay a subrecipient before being awarded funds. Are we required to enter into a separate agreement later?

Applicants may reformat the signature page of the Partner Agreement to conform to the state or local government's customary form. However, the partner agreement terms are required and may not be deleted (the applicant may add additional terms to the document). The Partner agreement must be a binding agreement. It must be signed by the Executive of the applicant and the partner entity, and must include the terms in HUD's Appendix D.

Generally, the date on the first page and the date on the third page should be dated the same day that the second party signs the agreement. The signature page does not call for a witness. The "in Witness Whereof" language is sometimes used to introduce the signatories to an agreement and can be deleted. If the applicant's contracts are typically approved as to form and content by the counsel to the applicant (outside counsel, City Attorney, or counsel in the Office of the Attorney General), the attorney should sign or initial the signature page. However, the partner agreement is not deficient if this is not included and is not required by the Applicant. The Applicant can use its DUNS number for the federal ID, or delete the reference.

22. We would like clarification regarding the scope of the modification of procurement processes provided in the NDRC NOFA. In planning the implementation of the projects we anticipate to fund through NDRC, we intend to be entering into subrecipient agreements, and the subrecipient will be administering the specific project. The subrecipient agreements will likely be with units of local government, non-profits, or developers. To fully benefit from HUD's authorization to use non-competitive procurement, it will be optimal for the subrecipient to be able contract directly with a Partner for work on the specific project being administered by that subrecipient.

At page 26 of 56 of the NOFA, in discussion of the use of Partners, the NOFA provides:

"Grantees operating under part 85 are granted the authorization referenced under § 85.36 (d)(4)(i)(C) only regarding procurement of a duly documented Partner selected prior to the Applicant's submission to HUD."

We wish to confirm that this authorization extends to our subrecipients/subgrantees, both public and private entities, in contracting with Partners included in our NDRC application submissions.

The complete excerpt reads:

"The Grantee will be responsible for ensuring compliance with requirements that all CDBG-NDR costs be necessary and reasonable, but, in the case of a Partner specifically identified in the application that the Grantee would be otherwise required by program requirements to competitively procure, will not be required by HUD to undertake additional procurement competition to secure the services of any Partner for an application selected under this NOFA. (In many cases, this will entail the Grantee undertaking a cost analysis prior to making payments

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to such a Partner.) The provisions of 24 CFR 85.36 set forth the conditions under which a grantee may engage in a non-competitive, single source procurement (§ 85.36 (d)(4)). Grantees operating under part 85 are granted the authorization referenced under § 85.36 (d)(4)(i)(C) only regarding procurement of a duly documented Partner selected prior to the Applicant’s submission to HUD. State grantees that have not adopted part 85 should review state or local requirements associated with single source procurement to ensure continued consistency with § 85.36 and are advised to follow all applicable procurement requirements. All partnership documentation must be submitted with the application to be considered.”

The NOFA authorization on its face only applies to entities that are Partners and procurements by the Eligible Applicant that are covered by part 85 or required to be consistent with it. The permission was provided because Partners would be competing, although not on a cost basis, by participating in the NDRC as Partners to the Eligible Applicant.

Otherwise, all the procurement requirements apply as noted in Appendix A. This includes the ability for the grantee to choose single source procurement where it is justifiable.

23. In our project the original applicant is our state Housing Office. We developed a coalition of 19 additional state agencies who make up the State’s resilience committee. This committee is responsible for coordinating all state agencies within the NDRC proposal process. The committee operates under the coordination of the State’s Policy Office. The Policy Office has evolved as the leader of the application, while the Housing Office has evolved to become a participating member of the Resilience Committee. Our question is two-fold:

- a. Is it permissible to change the applicant in our Phase II application to be the Policy Office instead of the Housing Office?**
- b. Some of the agency representatives contribute significant staff time to the project development. Can this staff time be counted as leverage?**

Public Law 113-2 requires HUD to award grants “directly to the State or unit of general local government as a grantee.” To HUD, the applicant is the State. The governor may decide which State agency will be the grant administrator, so whichever office applies must be authorized to speak for the State. As the state is the applicant, the staff time of state employees may not count as leverage.

24. If we provided a leverage commitment letter in Phase 1 and it was acceptable according to the HUD comments we received, and the general use of the funds described in the Phase 1 letter are in line with our proposed Phase 2 projects, do we need to update the letter for inclusion in our Phase 2 application?

Applicants must follow the NOFA requirements for Phase 2 Factor 4: Leverage, in compiling and documenting leverage in order to receive points for the leverage factor in Phase 2. If your Phase 1 leverage commitment letter still accurately represents available leverage commitments and satisfies the Phase 2 Factor 4 requirements, you may resubmit it as part of your Phase 2 application. Applicants should however, pay close attention to the leverage requirements in Phase 2 Factor 4 to make sure that all of the requirements are satisfied, as this factor has been revised in the most recent publication of the NDRC NOFA (FR-5800-N-29A2 posted on grants.gov Jun 24, 2015).

Applicants are also reminded that HUD will only award points for leverage documentation submitted as part of a Phase 2 application.

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25. Can FEMA Public Assistance or Hazard Mitigation Assistance, including the Hazard Mitigation Grant Program, be considered leverage for an NDRC project?

HUD will consider FEMA Public Assistance or Hazard Mitigation Assistance as leverage for an NDRC project, assuming that the leverage documentation demonstrates compliance with the requirements of Phase 2, Factor 4 of the NOFA. While, the NOFA provides that “Funds awarded under P.L. 113-2 may not be considered as leverage,” HUD considers this statement to apply to CDBG-DR funds and or other funds awarded under Public Law 113-2 (as opposed to funds appropriated by Public Law 113-2 but awarded under the Stafford Act or another a permanently authorized federal assistance program).

As a reminder, all leverage must be adequately documented and firmly committed as described in the NOFA. The NOFA also includes several specific requirements that may limit the ability to pledge FEMA PA or HMA assistance as leverage. The NOFA requires that the funding source allows the funds to be used for leverage. Additionally, funds must generally have been pledged after the initial publication of the NOFA, and HUD will accept as leverage a general award that was made to the Applicant prior to the initial publication of the NOFA only if the Applicant can show that the Applicant made a determination about the use of the award for an activity and geography after September 17, 2014. Finally, no funds may be counted as direct commitments or supporting commitments to the extent that CDBG-DR or CDBG-NDR funds are considered match or cost share by the source of those funds.

26. Given HUD’s Advice on State as grantee and on in-kind contributions, does it follow that, depending on the State’s situation, for an application from a State, state agencies can all be considered the “Applicant” and do not have to be “Partners” and therefore all of the state agencies' professional staff time or office and meeting space may be considered as direct leverage?

The Applicant may consider in-kind contributions in the form of a pledge of planning and administrative costs from various divisions, departments, or agencies of the Applicant as direct leverage if they are available to the Applicant and are part of the sources and uses for the project, and if they otherwise meet the requirements of Phase 2, Factor 4. Public Law 113-2 requires HUD to award grants “directly to the State or unit of general local government as a grantee.” The State or local government applicant/grantee is the entity responsible for implementing the grant and signing the grant agreement, regardless of which authorized representative(s) of the applicant (generally a person within a division or department of the applicant with delegated authority from the chief executive officer) submits the application, signs the grant agreement, administers the funds, or undertakes the activities. HUD has explained in FAQ #2 under the header [Leverage, Supporting commitments, and Partner Agreements*](#) that it will only accept in-kind contributions for direct leverage (not supporting leverage) in the form of a pledge of planning and administrative costs incurred by the Applicant.

We note that the Applicant has the option to treat other agencies or divisions of the Applicant as Partners for purposes of the NOFA, as HUD stated in FAQ #10 under the header [Leverage, Supporting commitments, and Partner Agreements*](#). However, we note that In-kind contributions from Partners are not acceptable leverage. The Applicant may consider in-kind contributions in the form of a pledge of planning and administrative costs from various divisions, departments, or agencies of the Applicant as direct leverage if they are available to the *Applicant*.

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- 27. If our city is securing bonds for projects that will support our overall NDRC proposal to be eligible for leverage and show a firm commitment on the our jurisdiction’s part will a letter signed by our mayor committing to the funds work or will it require a resolution to be considered a firm commitment?**

It depends on whether the mayor has the authority to commit the funds, or whether the Applicant must pass a resolution to make the commitment. The NOFA requires that resource commitments must be on letterhead, written and signed by a person authorized to make the commitment and dated. Additionally, the NOFA requires that resources must be firmly committed as of the application deadline date. “Firmly committed” means that the amount of the resource and its dedication to CDBG-NDR Grant activities is explicit. Therefore, the Applicant must have taken the steps necessary to firmly commit the pledged bond proceeds so that they will be available to the Applicant (for direct leverage) or to the Applicant or a Partner (for supporting commitments) as of the application deadline date.

- 28. The NOFA states: “If the Applicant is awarded a CDBG-NDR grant from HUD, the Applicant/Grantee shall execute a written subrecipient agreement, developer agreement, contract, or other agreement, as applicable, with the Partner, for the use of the CDBG-NDR funds before disbursing any CDBG-NDR funds to the Partner. . . .” We would rather not enter into agreement that makes commitments, especially for payment to a subrecipient, before being awarded funds. Are we required to enter into a separate agreement later?**

The NOFA requires the partner agreement to include the partner agreement terms in Appendix D, but applicants may add to those terms and could modify the signature page to conform to local custom.

Long-term commitment

- 1. What are the parameters of long-term commitment?**

Must be an action causing a measurable improvement that increases resilience taken independently and not directly caused by the project HUD is funding through CDBG-NDR. Examples of long-term commitment can be found in the Phase 2 Factor 5 rating factor in the NOFA. To receive points you must provide a baseline and a goal outcome measure for at least one metric, an effective date, and the duration of the effect of that action. The action you commit to has to be completed within twelve months of the Phase 2 grant award announcements. It is written into the NOFA that HUD can recapture funds if you get an award and do not do that.

- 2. The NOFA states under legislative action pg. 49 part b., the September 2014 date of publication of the original NDRC NOFA as the date for describing legislative action taken or will take. Does this mean that legislative action taken since the date of the qualifying disaster is not eligible for a long-term commitment? This seems to be in conflict with the earlier statement in that same Phase 2 section which awards points based on actions that have an impact on a baseline “before the date of the Qualified Disaster.”**

In the legislative sub-category, we specified that only actions after the September 2014 date should go into that category. However, overall, the scoring criteria for the entire Factor indicate that we will consider long-term commitments taken after the date of the Qualified Disaster. And the NOFA does provide a general category for any action that does not fit into one of the sub-categories. This could have been more clearly stated in the NOFA. You may submit a legislative action for consideration as a long-term commitment under the general category.

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- 3. In regard to Factor 5 Long Term Commitment, we describe significant action taken and follow the NOFA instructions to describe that action. Do we attach documentation that clearly demonstrates the action taken? For example, we adopted an ordinance establishing building code changes. Do we only need to describe that ordinance or attach the ordinance itself as documentation of the action taken?**

You only need to respond completely to the Factor 5 prompts in the NOFA. Should you get a grant, HUD will verify that you have implemented your long-term commitment as part of post-award monitoring.

Project Design and Details

- 1. What level of design of a proposed project or activity is required in the application?**

The NOFA does not require design detail, but requires an applicant to describe how it will ensure that the design is feasible at the project or activity level. HUD will not review the design elements or feasibility, but will look for a description of the processes and protocols in place to ensure the project or activity will reach completion and will fulfill its objectives. Applicants are encouraged to read and follow the prompts for design criteria described in the NOFA.

- 2. In our proposed budgets and sources and uses statement for each proposed project, how should we list construction contingencies? Should we provide any additional details about the contingencies and how they will be used/exercised?**

The CDBG program has a long-standing policy about construction contingencies that recognizes up to 10 percent allowances within the project budget as within reason. If your contingencies exceed that amount, you may choose to provide an explanation.

- 3. During today's webinar, the presenter noted that there is no budget template, and that the budget should be at the activity DRGR level and not a line item budget. Can you explain at what activity level the budget should be?**

DRGR has three main budget set-up levels. The highest one is overall (total grant + other resources + anticipated program income). The second level is “project,” which usually includes a logical grouping of activities. The third level is the “activity” level, and this breaks out the separate eligible activities. For example, a grant may include a flood buyouts program, a set of planning activities, and funds for general administration carried out by the grantee and one or more contractors or subrecipients. In DRGR, one would set up a flood buyouts project with property acquisition, relocation payments, relocation services, clearance, and property disposition activities. One would set up a planning project, with planning activities broken out by responsible organization at the next level down. And grantee administration would similarly be a project with activities divided by responsible organization.

By asking for the budget to include detail at the DRGR level, the NOFA is not asking for line-item budgets for each allowable cost within a project or activity.

NOFA says: “The project or program budget will show all projected sources of funds and estimates and summarize costs at a minimum in the format required to set up and report on each project and activity in DRGR. (During Phase 2, HUD will provide all invited Applicants information on setting up and reporting on a CDBG-NDR project and activity in DRGR. (General DRGR technical information including guides, tools, webinars, and upload templates is available at <https://www.hudexchange.info/drgr> .)”

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Tie-back to the Disaster

- 1. We are proposing an activity/project/program that will not directly repair/replace property affected by the disaster, but will address a need exposed by the disaster. Can you provide clarification on what demonstrates tie back to the disaster?**

The NOFA states that funds must be used on activities that “address” disaster-related needs. To that end, applicants may consider funding activities, projects, or programs that do not necessarily replace or repair previously existing property. For example, a disaster resulted in a neighborhood flooding, and the community is proposing to use CDBG-NDR funding to restore wetlands along the river that flooded. This activity addresses a need exposed by the disaster and would have prevented the disaster from having such a costly impact. For each proposed project or activity, establish tie-back by explaining how it is addressing the direct or indirect effects of the Qualified Disaster. We caution you to not include in your proposal, however, activities that may meet the above criteria, such as disaster response systems, that are expressly ineligible in this competition. See the Cross-cutting section of the NOFA on p. 16ff. and Appendix A regarding ineligible uses.

- 2. If we met our target area threshold requirements through housing need, can we use the housing tie-back from the covered disaster in another community in the same target area that did not have housing damage from that disaster?**

It depends. Your tie-back is to the demonstrated effect of the disaster. Your new construction project must still have a tie-back to the loss of housing from the covered disaster. But you will need to make the case of how the new construction is related to that loss of housing and why the activity responds to the impacts of the disaster, the need created by the disaster. Note that for NDRC, the tie-back must be to an unmet recovery need in a most impacted and distressed area from the Qualified Disaster, so you cannot tie back to unmet recovery need in an area that is not “most impacted and distressed.”

- 3. Our target areas are composed of several communities, and in one community, the documented damage was to the community’s primary transportation routes. This community is in the process of relocating to a new, more resilient location. The wisest action for long-term resilience would be to apply resources to the community relocation site. Is investing in the transportation routes in the relocated community eligible for these funds?**

If a community is relocating as part of the disaster recovery we would see that as a buyout or relocation project. Such a project could involve new roads or transportation routes, and you must demonstrate tie-back to the direct and indirect effects of the Qualified disaster. You must show you can meet a national objective.

- 4. If my highest hazard is completely unrelated to the declared disaster, for example an earthquake, how can I tie-back mitigation?**

Whatever you want to fund with CDBG-NDR must be tied back to the effects of the declared disaster in some way. But when you build a structure, if you are going to build a house in an area that had a terrible fire but is also prone to floods, you would be foolish not to build that house to floodplain guidance because it is also prone to flood.

We want you to make smart investments. That is why we want you to look forward. If you are in an area that might have earthquakes in the next 50 years or in the useful life of whatever it is you are building,

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then build the project that ties back to your current disaster. Maybe it was a flood – so that it has a tie-back to meeting an unmet recovery need, but at a quality level and with design features that deal with the risks that everybody is reasonably expected to be subject to in that area. That improved resilience is a co-benefit. We want really smart investments. We encourage you to take incredibly scarce federal dollars and get all the benefits you can possibly get for as long as possible and make your community stronger.

5. There are systematic links between my highest hazard, drought, and declared disaster, flood. How detailed of a scientific case must be made for this if any projects are close that address drought?

We don't expect you to discuss the entire series of studies in great detail as if it were a scientific journal, but do explain your basis for linking the drought impacts to your flood area, beyond the fact that the area is experiencing a drought right now. Explain why you should design for the other current/future risk while addressing your URN and give us that science-based forward-looking risk analysis. Here is where you will be building on what you gave us for Phase 1.

6. Can CDBG-NDR be used to fund a state-wide workshop for resiliency training in regard to social resiliency, economic resiliency etc.? Would those funds be considered a part of our overall 20% planning and administration funds or project funds?

It would not be eligible to use CDBG-NDR for a state-wide activity. CDBG-NDR funds may only be used for the benefit of the MID-URN area and no state is entirely MID-URN qualified. You would need other funds to provide statewide benefit for an activity.

This activity may be considered planning or a public service. Applicants must justify how the activity meets the NOFA definition of project by being integrally related to your other activities in their applications.

7. May a regional approach be used for NDRC project implementation with regard to funding an activity in communities upstream of the target area?

When looking at a regional approach, we will look at the primary benefit of the activities assisted with CDBG-NDR. If an applicant can establish that the primary benefit of the CDBG-NDR assisted activity is to the most impacted and distressed area with unmet recovery needs (MID-URN) and you can establish tie-back for the project, it will be eligible to actually use CDBG-NDR funds for a project located outside the MID-URN. If the project results in substantial benefit to another, non MID-URN area, you may wish to consider providing another source of funding as well, as this weakens tie-back for the CDBG-NDR funds and may make the project untenable for 100 percent funding.

8. We are considering a watershed project that would greatly improve resilience/mitigate flooding for vulnerable LMI residents in one of our target areas. Since it's a watershed project, there will also be "downstream" benefits (to LMI areas that don't qualify because they didn't have enough damage to meet the tie-back criteria). This project is necessary to improve long-term resilience in the target area, and unfortunately, we know the downstream locality does not have funding for the project. With a project of this nature, how do we show that 50% of the benefit is going to the target area?

This question confuses multiple requirements under the Appropriation and CDBG regulations:

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- a) The CDBG regulations for area benefit national objective require that for each CDBG-NDR assisted activity, grantees should consider the full range of direct effects of the activity and ensure that the primary benefit goes to a service area that is at least 51% low- and moderate-income (LMI). Here is some service area guidance in Appendix D:
<https://www.hudexchange.info/onecpd/assets/File/CDBG-National-Objectives-Eligible-Activities-Appendices.pdf> For the project you describe, to meet the LMI area requirement, you will have to make a reasonable demonstration that the primary benefit is going to a service area that is at least 51% LMI, whether or not that actual service area is completely within the MID-URN. (Note that you have another possible national objective to use. If the project has tie-back, you will be able to meet the urgent need national objective because of the waiver in Appendix A.)
- b) The funds test, called the overall benefit requirement, applies to the grant as a whole looking at the entire portfolio of assisted activities. Under the overall requirement, 50% of your total grant must be expended on activities that meet the low/mod national objective through area benefit, housing, jobs, or services.
- c) Specific to these disaster recovery funds and the requirements under this Appropriation, the problem is that your service area is only partially in the MID-URN, which may weaken your tie-back argument, especially absent non-CDBG-NDR funding in the project. We have accepted tie-back reasoning in CDBG-DR for a few projects in the past when the argument was made that the only way to help the MID-URN area was to also help the downstream area, but all those cases made a serious argument/demonstration that the primary benefit of the funded activity was arguably to the MID-URN. HUD will review your justification on a case-by-case basis.

9. **We understand that “CDBG-DR assistance must flow to the most impacted and distressed areas with unmet recovery and revitalization needs related to the effects of a covered major disaster” (NDRC NOFA, p. 3). We have an LMI target area that experienced wind damage in our qualifying event. Historically this coastal area experiences severe flooding during hurricanes and heavy rain, but because the tide was at dead low when the storm hit, the area did not actually flood during the event. Resilient repairs would address flooding, which is a more significant, repetitive risk for people living in this target area. Would HUD consider funding a watershed project to improve resilience to flooding (the community’s primary issue), instead of a project addressing just wind damage?**

You must be able to establish a reasonable tie-back for any activity that you assist with CDBG-NDR assistance. The NOFA defines Tie-back:

“A tie-back reasonably shows how the effects of the Qualified Disaster resulted in an Unmet Recovery Need that can be addressed by the proposed CDBG-NDR-assisted activities. Or, stated in the reverse, how the proposed project reasonably “ties-back” to addressing demonstrated direct and indirect effects of the Qualified Disaster. Once the necessary tie-back is established for a project, you may design a project that addresses or satisfies an Unmet Recovery Need and also has co-benefits, such as meeting other community development objectives and economic revitalization needs, including greater resilience to negative effects of climate change. HUD has

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determined that generally, designing a project that improves resilience to the impacts of climate change while meeting an Unmet Recovery Need is a necessary and reasonable cost of recovery.”

The definition of Unmet Recovery Need also might be useful, as you may consider both direct and indirect negative effects of the Qualified Disaster, especially as such effects relate to each of the four general categories listed in the law (not just the “restoration” categories):

“An unmet recovery need arises from damage or another harm or negative effect directly or indirectly caused by a Qualified Disaster, that has not been met and for which no other funds are available, and that HUD, in reviewing the information provided by the applicant, determines to be a need related to long-term recovery, restoration of infrastructure, restoration of housing, or economic revitalization. This phrase is sometimes shortened to “URN.””

We want you to make smart investments, and, at the same time, the law gives a clear direction that would not allow a pure mitigation project that does not tie-back to unmet recovery needs from the Qualified Disaster.

MID-URN

1. What are the MID-URN documentation requirements of existing CDBG-DR grantees?

For Phase 2, each applicant must update its MID-URN and need factor narrative. The NOFA states that the MID-URN areas must be substantially the same or inclusive of the Phase 1 proposed areas, but HUD is aware that some changes involving additions and deletions will be made by applicants as a proposal iterates. If an applicant wishes to propose an activity outside of its existing MID area for CDBG-NDR assistance, the application must document MID-URN using reliable data and as described in the NOFA. If an applicant with an existing CDBG-DR grant proposes activities or projects within the existing MID area, it must explain why current CDBG-DR funding is insufficient to address the need. HUD will not review an applicant’s existing CDBG-DR Action Plans to supplement an NDRC application, unless it included that Action Plan or an excerpts of it is an attachment to the NDRC application, referenced it in the application, or included it in a factor narrative as permitted in the NOFA.

2. I need clarification on the threshold requirements for additional target areas. Can you explain what the NOFA requires for demonstrating that an area meets the basic eligibility requirements for CDBG-NDR funding with regard to most impacted and distressed and Unmet Recovery Need for multiple target areas?

Tie-back (see definition in the NOFA) is required for all CDBG-NDR assisted activities. To begin to establish tie-back, the area benefiting from the use of CDBG-NDR assistance must be demonstrated to be most impacted and distressed with unmet recovery need (MID-URN) as explained in great detail in the NOFA and Appendix G. Without a demonstrated Unmet Recovery Need, you cannot demonstrate that a project ties back to such a need. Without tie-back, it is not eligible to use CDBG-NDR funds for the project. Further, as we said during Phase 1, every MID area must contribute/demonstrate some URN, or it does not pass threshold.

Outside of MID-URN and tie-back considerations, including additional areas may contribute to your showing of resilience in support of your overall NDRC proposal.

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- 3. How can applicants confirm that the target areas initially identified were successful as part of the Phase I application? The panel summary comments provided on June 22nd were not entirely clear on this issue.**

If HUD provided no comments on a MID-URN area in the Phase I response letter, then the area passed threshold for Phase 1 as submitted.

- 4. In some cases, the review panel commented that an existing CDBG-DR grantee's discussion of unmet need did not thoroughly describe how the CDBG-DR grant is inadequate in meeting its unmet needs beyond its target area. What does this mean?**

To clarify how specific existing CDBG-DR grantees must be in documenting unmet need and which areas are eligible target areas for CDBG-NDR funds in the context of existing CDBG-DR funds, HUD is providing the following response.

HUD expects an URN submission for Phase 2 to more thoroughly document how existing CDBG-DR funds are inadequate to address their recovery needs for its target areas identified in the application, especially in cases in which there is still great need in impacted communities for which there is not extensive data.

Applicants are to submit data to meet minimum competition thresholds in each of the identified target areas. Additionally, applicants should describe overall unmet need across the eligible area and across categories and may provide reference to more comprehensive unmet needs assessment within the CDBG-DR Action Plan.

As part of your Phase 2 application, you may choose to submit additional information to show that you have continuing unmet recovery needs in the other counties beyond the target area. If you choose to do this, it is very important to document how your current CDBG-DR funds are being allocated and that the additional needs you are demonstrating exceed your available funding. HUD will not accept as sufficient situations in which a CDBG-DR grantee does have available funding, but is precluded by its own rules (not a federal regulation) from funding a need identified as an URN in an NDRC application.

- 5. We are approaching our project scoping based on watershed. We have identified potential HUC 8 watersheds that have MID-URNS areas with their geographic boundaries. The LMI populations within those watershed boundaries are also being identified. Do the MID-URN areas and the LMI areas need to share mutual boundaries (i.e. one must be either identical to or contained within the other) for project scoping to meet the national objective requirements? Can we make an argument for benefit to the MID-URN area and also claim an LMI benefit to other areas within the same HUC 8 boundary if the MID-URN and LMI areas are related through shared HUC 8 geography?**

We want you to consider the actual service area of each activity and the full range of direct effects of the activity. Check out the service area guidance in Appendix D:

<https://www.hudexchange.info/onecpd/assets/File/CDBG-National-Objectives-Eligible-Activities-Appendices.pdf> . Exact match of the MID-URN to the project service area is not required; best-fit is.

Also, remember that we have three national objectives. If you can establish tie-back for a project, it can meet the urgent need national objective (see Appendix A for the urgent need waiver). (The overall benefit requirement is that 50% of the grant must support activities that meet the low/mod objective.)

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6. Must each specific project demonstrate how it will address unmet need identified in the Phase 1 application?

Every activity within your project that is funded CDBG-NDR funds must ultimately demonstrate tie-back to the Unmet Recovery Need identified in your Phase 1 and 2 applications. So the answer to that is yes. But you can be creative with the logical pivot. It is possible for an activity to indirectly address the need. A community may have lost a lot of housing and decide to invest in an economic development as a means of addressing loss of housing and the revitalization needs of the community as it is now. You have to think about your community's conditions and find the eligible activity with tie-back, the eligible project that addresses your identified needs. There will be parts of your project that will be CDBG-NDR ineligible. You won't be able to invest grant funds in them and you are going to have to bring leverage for that. We are not requiring that the supporting leverage demonstrates a link to the unmet recovery need.

7. In Phase 2 may we introduce an additional MID-URN area that was impacted by the qualifying disaster through downstream impacts but is not located in the county included in the federal disaster declaration?

Unfortunately, no. For MID-URN, we can only consider the counties that were within the disaster declaration. With an important caveat: If you have to address the MID-URN by investing in a project outside of the declared area, that is possible if you can establish tie-back. It may also be possible that you will do the CDBG-NDR part of your investment in the qualified county and get leverage for the other part of it outside the declared county. But, by law, the funds are bound to address unmet recovery needs of only the counties that were declared under the Stafford Act for the qualified disaster, and in fact, only those *most impacted and distressed* areas. But you don't actually have to spend funding in those areas, you have to spend for their benefit. Applicants may request more guidance on specific project cases.

8. How does the MID-URN threshold response need to be updated for Phase 2?

Applicants must update their MID-URN threshold response in Phase 2 using any additional information gathered subsequent to submission of the Phase 1 application. Did you talk to more stakeholders? Is there anybody you missed? See if you can make this investment that addresses more of the community's needs. If you don't know what the whole problem is, you can't solve it. We could tell at the Academies that many Phase 2 applicants identified new needs after submitting Phase 1 applications. Applicants may choose to resubmit exactly the same thing, but Phase 2 is an opportunity to make your first draft better and to provide more nuance to your discussion. So it needs to be resubmitted. Ideally for all the areas that you want to actually be considered for funding, and we are urging you to update it. In the need factor, we are prompting you to update it.

9. If the entire county was identified by HUD as most impacted and distressed, what do we need to include for Phase 2 to identify most impacted and distressed qualifications?

We encourage you to focus on the sub areas that will be served or most affected by your Phase 2 projects or programs based on best available information from reputable sources. This could be described in the narrative and in your MID-URN submission by showing us some of the sub-levels at the areas expected to benefit from the project.

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- 10. Our Phase 2 focus is on a specific pilot area consisting of several communities within an entire declared county. How should this be reflected in MID-URN and needs section? The Phase 1 MID-URN was for the whole county.**

We do want you to iterate your MID-URN response on need. And if your project is going to affect a sub area more, to give us more information about that sub area, using stakeholder consultation, the science-based analysis, anything special in that sub area that is your pilot area. You want to highlight the needs for that area. You want to strengthen the response. Follow the prompts in the NOFA.

- 11. While our Phase 1 project concept covered all of our state’s “most impacted and distressed” (MID) counties as determined by HUD, for Phase 2 the State has selected a discrete capital project benefitting nine municipalities in only one of the MID counties.**

- a. Does the NOFA allow us to continue to use County data to demonstrate the need for the project, or must we identify the need as exclusively within the municipalities that will be the proposed project beneficiaries? Can we still use FEMA PWs for projects in the service area and/or local mitigation plans to document need?**

You still have your overall proposal framing from Phase 1 and your Phase 2 project must arise logically from your updated version (iteration) of that framing. Your MID-URN response and your response to the Need factor prompts should be substantially the same as Phase 1, and you will need to provide the additional information as prompted. The documentation required in Appendix G has stayed the same as Phase 1. And, of course, your projects must tie-back to the identified URN.

- 12. If an applicant has decided to propose a project within a county, determined by HUD to be MID and meet the URN requirement during Phase 1, to what extent is the applicant required to address and document the URN requirement for a sub-area of that same county being targeted during Phase 2? More specifically, does the applicant need to provide documentation commensurate with what was provided during Phase 1 in order to show URN for a subset of the target area county (that was previously determined to meet URN during Phase 1)? For example, if housing in a specific sub-area of the county was used to represent URN within the county, must further housing URN be established using the same documentation requirements from Phase 1 in other sub-areas of the county for which a project is being proposed in Phase 2?**

Everything assisted with CDBG-NDR must tie back to a documented unmet recovery need from the Qualified Disaster. If you cannot logically tie back (at the reasonable person level) your proposed project to addressing the URN you identified, then you will not be able to use CDBG-NDR funds. In the case you cite, if you identified a MID with Unmet Recovery Need in housing in one part of a county, but you want to build new housing to meet that need in another part of the county, then you have a good chance at establishing a reasonable tie-back.

- 13. Within our target area, we have estimates for unmet need in regards to a previous/existing project that will mitigate damage and build resiliency against future flooding events. How does this unmet need for the project compare with the unmet need for specific residential and commercial buildings that were damaged during the qualifying event, but which would be protected in the future with the completion of this project? In regards to the Need Factor, would including both the unmet need for the resiliency project, as well as the unmet need for the specific properties be considered “double counting”?**

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For the purposes of this NOFA, MID-URN designation has very specific criteria defined in the NOFA Appendix G. You must carefully read and follow the instructions in Appendix G. For the Need Factor response, you may discuss an unmet resilience need and other community development objectives in addition to the URN you document for threshold. However, every CDBG-NDR assisted project must tie-back in a reasonable way to the documented URN, so it is quite possible to have a potential mitigation project that does not tie-back and is not eligible for NDRC funding. If you have funding for it, you might be able to use that as supporting leverage.

- 14. For our NDRC application, we are considering requesting funds to roll out a resiliency planning effort in the 10 communities that were impacted by our Qualifying Disaster, but we are not considering a pilot implementation project as part of this request.**

Can you clarify whether deploying funds for resilience planning efforts beyond the 10 communities is a fundable activity as part of the NDRC grant and what percentage of the grant would be considered an acceptable amount to allocate to an effort of this nature?

Planning is an eligible CDBG-NDR activity. All CDBG-NDR-assisted activities, including planning, must tie-back to the URN in a most impacted and distressed area, meaning only those areas determined to be MID may be assisted with CDBG-NDR funding.

The planning and general administration cap for a CDBG-DR grant is up to 20% of total grant funds. Of this, no more than an amount equal to 5% of the total grant may be used for general administration.

LMI

- 1. According to previous HUD/CDBG Guidance, grantees may request an exception to LMI national objective for their LMA calculation in order to qualify areas where the LMI population is not greater than 51%. In this case, LMI quartiles must be calculated for the entire jurisdiction. For the purpose of the competition, may grantees calculate quartiles only for census blocks in a specific target area? If so, would this require an exemption waiver?**

The existing CDBG exception guidance applies to NDRC grants, both law and regulation.

Using a different low-and-moderate income area benefit (LMA = 51%) threshold to qualify an area within a jurisdiction that is not an exception grantee in the regular program would require a national objective waiver. The instructions are in Appendix E, which caution that such waivers are rare.

The other two national objectives, 1) prevention or elimination of slums/blight and 2) addressing urgent community development needs, may also be considered for area benefit activities that cannot meet LMA. Note that the waiver for urgent need granted in Appendix A essentially means that any activity for which tie-back can be established will probably meet the urgent need national objective. Check Appendix A and the CDBG regulations for details.

- 2. For Low-Moderate Area benefit (LMA), CDBG guidance says that areas must be “primarily residential.” How does HUD determine whether an area is primarily residential, particularly in the context of urban areas where mixed-use is prevalent and there is considerable variation in density?**

For guidance and tips on calculating LMA areas for the purpose of meeting the LMI national objectives, applicants may refer to Guide to Eligible Activities and National Objectives for Entitlement Communities, in the LMA section, on page 3-12 and Appendix D: Determining Service Areas.

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<https://www.hudexchange.info/onecpd/assets/File/CDBG-National-Objectives-Eligible-Activities-Chapter-3.pdf>

3. When using the HUD LMI summary data (<https://www.hudexchange.info/manage-a-program/acs-low-mod-summary-data/>) to calculate a percentage for a number of block groups in a project area, what variables should be used as the numerator and denominator?

For the universe, should “LOWMODUNIV (universe)” or the total population found in Census be used?

Should “LOWMOD” or “LMMI” be used to meet the threshold requirement for CDBG-DR and NDRC funds?

When calculating the percent of low- and moderate-income persons in a project area using the LMISD, the applicant should use LOWMOD divided by LOWMODUNIV (universe). The LOWMODUNIV variable is a specially tabulated population that excludes persons for whom income data is not known and is smaller than the actual total population of the geographic area. As stated in the data dictionary, LOWMODUNIV must be used as the denominator for LOW, LOWMOD, and LMMI %'s.

When calculating the percent of low- and moderate-income persons for purposes of meeting CDBG-DR and CDBG-NDR income requirements using the LMISD, the LOWMOD variable should be used. The LMMI variable includes income levels up to Medium Income (120% of AMI) which is above the LMI threshold required by CDBG-DR and CDBG-NDR funds (80% of AMI).

4. A locality has demonstrated unmet need. The highest census tract LMI percentage for the locality is 49.92 percent. In meeting the most distressed criteria:
Can this percent be rounded to 50 percent? And if so, is 50 percent “even/exact” sufficient to meet the distressed threshold?
In following the process described in FY2015 Exception Grantees guidance, the locality’s LMI percentage is calculated at 50.20 percent. Can this be rounded to 50 percent and if so, would the scenario detailed above (49.92 percent) meet threshold for the targeted Census tract?
There is a Census tract composed of three Census blocks. When examining the hardest hit area (which includes 100+ damaged houses), two of the contiguous block groups stand out. Their combined LMI percentage is above 51 percent. Can our target area be drawn around the two hardest hit block groups, or does the third block group in that Tract need to be included? If we include the third block group, the LMI percentage drops to 49.92 percent.

No. The CDBG program does not allow rounding up. The threshold for an “area benefit” activity is 51% of the residents of the area are income-qualified using census data or a qualified survey. (Not to be confused with the overall benefit requirement that 50% of total grant funds assist activities that meet the low/mod national objective.)

If this is a) an entitlement community that usually uses the exception criteria - then yes, you may use the exception. If this is not an entitlement area and you want to use the exception calculation - then no, you would need a waiver to use the exception. (Still no rounding allowed.)

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To determine the service area for an activity, you have to determine the area that will be served by the assisted activity, then find the best fit of census areas to that activity. Not the other way around. There is guidance on service areas in Appendix D here:

<https://www.hudexchange.info/onecpd/assets/File/CDBG-National-Objectives-Eligible-Activities-Appendices.pdf>

5. What is the 50 percent low- to moderate-income (LMI) benefit, is it 50 percent of the funds must benefit LMI, or 50 percent of all beneficiaries must be LMI?

The CDBG program’s “overall benefit requirement” is a *fund* requirement that means that 50 percent of total grant funds (the definition of “grant funds” includes program income) must assist activities that can demonstrate benefit under the low- and moderate-income national objective. It is not the same as the *activity* requirement called “meeting a national objective.” One way to meet a national objective is to show that at least 51% of the beneficiaries for an area benefit or jobs activity are income qualified. There are other ways to demonstrate meeting the Low/Mod national objective, and there are two other national objectives called Slum/Blight and Urgent Need. Any NDRC activity that can demonstrate tie-back can probably meet the urgent need national objective. Please refer page 20 of Appendix A, the post award requirements, or to the CDBG regulations at 24 CFR 570.208 or to the Guide for Eligible Activities for the CDBG Entitlement (or State) program for a full answer.

6. For purposes of Exhibit B, while we plan to talk about what documentation we will use to demonstrate national objective and overall benefit, we weren't sure whether or not the actual HUD census data or survey documentation demonstrating LMI benefit needed to be complete and included as an attachment to the application itself? Or could that be provided later after award as we set up information in DRGR?

For Exhibit B, if you know the projects and their actual proposed service areas, and you are using Census data, then at a minimum, you can describe the service area by listing the census divisions (places, census tracts, block groups), the data source you used, and the percentage LMI for the service area. If you are using a survey, describe the defined service area and summarize the results of the survey. If you do not yet know the specific projects because you propose to run a program, you must tell us how your program will meet a national objective.

None of this affects the MID-URN or Need Factor guidance. Note that there are opportunities in these responses to provide income data as well.

7. Since 50% of the total NDRC funding request must benefit LMI populations, do we count the admin and planning funds towards our LMI goal? Example: If we request \$1 million in NDRC and we have \$200,000 in combined planning and admin (20% of the \$1 million), then would there only need to be \$400,000 in funds being spent to benefit LMI population in order to meet the 50% LMI goal?

The regulations say that the cost of administration and planning will be assumed to benefit low and moderate income persons in the same proportion as the remainder of the CDBG funds and, accordingly shall be excluded from the ratio calculation. The regulatory language can be found at 24 CFR 570.200(a)(3).

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In this example, if you request \$1 million in NDRC and have \$200,000 in combined planning and admin (20% of the \$1 million), you will have \$800,000 in total non-Admin/Planning costs. You would need at least \$400,000 to assist LMI activities to meet the 50% LMI goal. In other words, 50% of the non-planning/admin activity funding (\$400K) gets you 50% of the admin funds (\$100K) for a total of 50% of the total \$1M grant (\$500K) counted toward the primary objective (aka overall benefit) requirement.

Consultation and Citizen Participation

1. Can applicants post Phase II information for public comment on a partnering organization's website that is linked to the primary applicant organization website?

Grantees may use any website for NDRC related information, provided that the site is made navigable from the site required by the NOFA.

2. What applicant partners should be involved in the public comment process? If an organization is the primary applicant but not the Responsible Entity per Environmental Review requirements, how important is RE participation in public comment throughout the entire planning process?

Working with the RE now will help save time down the road. Applicants should engage the RE and get them to advise on what would be acceptable documentation to include in the eventual ERR. Without including the RE at the front end, it's likely that the applicant practitioners won't collect the right kind of documentation to show public comment periods were met. The RE should handle any public comment periods that relate directly to the environmental review, for example responses to newspaper notices for the 8-Step Decision Making Process for Floodplains and Wetlands.

The RE can document (attendance sheets, notes, written comments, etc.) public meetings. Additionally, the RE knows who can be invited to discuss other aspects of the environmental review like historic preservation, environmental justice, and other interested environmental groups. Getting feedback from these groups now can help to identify any issues, alternatives for the environmental review.

3. Would you please confirm the time period required for the public comment period in phase II? It was reduced in Phase I to two weeks and I cannot find any reference to whether that applies to both phases.

It is on page 18 of the updated NOFA re-issued to launch Phase 2:

1. Citizen participation waiver and alternative requirement. To permit a more streamlined process, and ensure disaster recovery grants are awarded in timely manner, provisions of 42 U.S.C. 5304(a)(2) and (3), 42 U.S.C. 12707, 24 CFR 570.486, 91.105(b) and (c), and 91.115(b) and (c), with respect to citizen participation requirements, are waived and replaced by the requirements below. (Note that the citizen participation process is distinct from the consultation requirements of this NOFA.) The streamlined requirements mandate at least one public hearing at the Applicant's level of government per Phase, and require providing a reasonable opportunity (at least 15 days for Phase 1 and 15 days for Phase 2) for citizen comment, and ongoing citizen access to information about the use of grant funds.

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Eligible activities and CDBG Requirements

1. When calculating potential match, does internal staff time count and if yes, what is the preferred method to calculate it?

This program does not have a match requirement. Points in Factor 4 will be awarded based on leverage committed. Internal staff time does not count. Here is what the NOFA says at Factor 4:

Direct Financial Commitments. A direct financial commitment (direct leverage) is cash committed by an Applicant or a Partner to the CDBG-NDR-assisted eligible activity, project, or program itself, and the funding is available to you to directly carry out your CDBG-NDR proposal. All direct leverage must be included in the budget for the project together with the CDBG-NDR assistance, as described below and in Factor 3 - Phase 2. HUD will accept as direct leverage a pledge of planning and administrative costs incurred by the Applicant (including costs incurred under a contract for planning or administrative services), but HUD will not accept a pledge of in-kind costs incurred by Partners, subrecipients, or other entities as direct leverage.

Supporting Commitments. A supporting commitment (or supporting leverage) is funding that you or your Partners have available to carry out activities that directly support the overall proposal, but are not part of the sources and uses of the proposed CDBG-NDR-assisted project or program. Examples of this type of commitment include a university professor who received grant funding to conduct a healthy environment study for the target area or a city that commits its own funding to conduct a traffic redesign study for an intersection or corridor in the target area or a state that changes its low-income housing tax credit qualified allocation plan to direct tax credit resources to meet affordable housing unmet needs of the target area. This does not include in-kind contributions, such as professional staff time or office and meeting space from your Partners. Leverage points will not be awarded if the leverage documentation does not indicate that the supporting commitment supports the overall proposal.

(6) Ineligible Staff Resources. Staff time and benefits of the Partner(s), subrecipients, or other entities (if any) are not an eligible leverage resource.

- #### 2. We understand that emergency response items under the cross cutters are not an eligible item. As part of one of our projects, a jurisdiction is proposing adding hazard monitoring which would consist specifically of:
- a. All hazard sirens
 - b. Seismic monitoring equipment
 - c. Research based on data collected from monitors and used to develop best available science and drive best practices nationwide for communities with volcanic/glacial risk
 - d. Public education and outreach in communities with sirens

The proposal is a regional effort and funding through other direct appropriations is being pursued and some funding has been procured already. The jurisdiction believes that the hazards are an imminent threat to the community.

Would this or any part of it be eligible under NDRC? Additionally, if ineligible items are included in our application, will points be reduced or taken away?

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Item c. could be eligible as part of a planning activity, if you can establish tie-back. Review the tie-back definition in the NOFA and consider whether you can establish a logical tie-back that a reasonable person would accept. Item d. could be an eligible administrative or public service activity. Again, you will have to establish tie-back.

Eligibility and tie-back are threshold requirements. If no part of your proposal meets these thresholds, your proposal would not be fundable, regardless of how high it scores on factor responses.

- 3. I understand that there are limitations on equipment and technology. Specifically, I was wondering if any of the following technology might be included in a NDRC Phase 2 application:**
- a. Full IT Disaster Recovery plan as part of a broader disaster recovery plan - Backup and redundant network, storage and data servers (can utilize cloud and virtual servers)**
 - b. Failover servers, backup, archives**
 - c. Communication equipment (two-way radios, mobile phones, etc.)**
 - d. Mobile devices and for communication and reporting**
 - e. Video technology that will allow remote viewing (i.e. drones or other robotic technology to see into disaster areas without requiring physical presence)**
 - f. Pop-up websites and other technologies to support quick identification of missing persons**
 - g. Video to support disaster recovery training**
 - h. Backup systems to support business continuity**
 - i. Build-out of command center (communications, network, server equipment)**
 - j. Security related technology**

Most of the items you list would be ineligible for NDRC assistance because they appear to be disaster response activities or otherwise ineligible. Here is what the NOFA says under “Ineligible Activities” (NOFA p. 16):

(7) Projects for temporary measures (e.g. sandbags, bladders, geotubes, newly established emergency operation centers). Equipment is generally ineligible for CDBG-NDR assistance unless necessary in the provision of an eligible public service or special economic development activity.

(8) Response activities, equipment, and training (e.g., electronic evacuation road signs, interoperable communications equipment).

We would generally consider build-out or additions to an emergency operation center to be ineligible. Construction or reconstruction of such a center damaged by the Qualified Disaster event might be eligible.

The types of activities you list would also have a problem establishing tie-back, without which, use of CDBG-NDR funds is not allowable. Here is the NOFA definition (NOFA p. 12):

Tie-back. *A tie-back reasonably shows how the effects of the Qualified Disaster resulted in an Unmet Recovery Need that can be addressed by the proposed CDBG-NDR-assisted activities. Or, stated in the reverse, how the proposed project reasonably “ties-back” to addressing demonstrated direct and indirect effects of the Qualified Disaster. Once the necessary tie-back is*

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established for a project, you may design a project that addresses or satisfies an Unmet Recovery Need and also has co-benefits, such as meeting other community development objectives and economic revitalization needs, including greater resilience to negative effects of climate change. HUD has determined that generally, designing a project that improves resilience to the impacts of climate change while meeting an Unmet Recovery Need is a necessary and reasonable cost of recovery.

4. We have a number of questions regarding higher education. Does “secondary schools in the US” mean high school or college?

We would probably defer to the Higher Education Act which does not generally include high schools.

a. Could a planning grant be used to develop high school and community college curriculums?

Theoretically, yes, for states only. This would fit better as a public service activity, or as assistance to an institution of higher education.

b. Can curriculum designed to teach fire prevention/forest/watershed resiliency through fire science and other environmental topics be considered to have tie-back to fire disaster?

You must establish a reasonable, defensible tie-back. Make the case in your application how development and implementation of such a curriculum will tie-back to your MID-URN area(s) resilient recovery from the Qualified Disaster. One way to look at this: was the lack of knowledge a contributing effect to the impact of the disaster, or did the lack of knowledge impede recovery?

5. Will the funding decisions be done project by project or based on the entire proposal?

Scoring will be based on the entire proposal. HUD reserves the right to adjust the scope and scale of any award and the NOFA requires that applicants indicate scoping and scaling opportunities within the overall proposal. The NOFA also provides an opportunity for an applicant to identify its priorities for such scaling and scoping.

6. The NOFA for Phase 2 on page 17 states at (6) that projects dependent on a contingent action to be effective or feasible are not eligible. Is this limitation so broad as to preclude projects that will require permits from governmental agencies (i.e.... environmental permits from the Department of Environmental Quality or the US EPA) or agreements with third parties (i.e.... reaching a purchase agreement for the acquisition of flood prone property)?

The limitation does not extend to precluding seeking permits, provided this could reasonably be expected to occur (perhaps because of past experience with the permitting agency) within a reasonable, predictable period of time that would allow project completion prior to the end of the funding duration period. The limitation might extend to a contingency such as purchase negotiations for real property, if a property was crucial for successful project implementation and the negotiations expected to be difficult, unpredictable, or protracted.

7. The NOFA for Phase 2 on page 17 has a limitation in (8) on response activities and equipment which references “interoperable communications equipment.” Our constituents would like to examine and potentially propose upgrades to the communication system for first responders including reverse 911. These systems would be “interoperable” but are

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designed to protect people and infrastructure from disaster and damage and are not limited in use to response activities. I do not believe this project would be ineligible but want to confirm this project is eligible – especially since we are interested in the project which would not just encourage but effectuate collaboration and modeling a system for potential use in other jurisdictions.

Our experience in CDBG-DR is that it is almost impossible to establish tie-back to a Qualified Disaster for communications equipment and I believe we would consider this to be an ineligible disaster response, and not an eligible long-term disaster recovery activity.

- 8. Reforestation can be a vital component of creating resilience through green infrastructure in a watershed because soil stabilization is one way that the forest is a key part of the water supply infrastructure. Reforestation can encompass a resilient green infrastructure model, and would follow an innovative design to ensure watershed protection by stabilizing soils, while reducing runoff and wildfire potentials. Reforestation can also being designed to be resilient in the face of climate change.**

Would green infrastructure reforestation in this example fall under an infrastructure activity?

It depends. If the CDBG-NDR assistance will go to assist a private company that owns the land and will own the trees as part of its business, then the CDBG program would see this activity as a special economic development activity. Alternatively, if the land is owned by the public and the trees also will be owned by the public (even if a private contractor is used to plant them), then the CDBG program could see this as improvement or reconstruction of a public improvement or facility. (The CDBG program does not actually use the term “infrastructure” much.)

In the CDBG world, states only have broad leeway in interpreting the eligibility categories in the CDBG statute for the CDBG funds they administer, so you may wish to work with staff responsible for the state CDBG program (assuming you are working with a state). Larger cities and counties (aka “entitlement communities”) must refer to HUD’s regulations regarding eligibility.

- 9. How do we track administrative costs so we can get a waiver to get funding for application development?**

Appendix A already grants a pre-award waiver for limited types of costs, including those related to application preparation. However, the amount of administrative and planning costs associated with the grants is capped and must also be used to implement challenging projects on tight timelines. Grantees need to think carefully about how to use those limited resources. HUD will require clear and accurate support documentation to substantiate all expenses. Applicants that expect to request such reimbursement should begin, if they haven’t already, tracking such costs thoroughly and saving these records. This includes documentation of time charged to project/ timesheets. Refer to Appendix A.

- 10. We want to fund several engagement education programs that will lead to resilience. Could it be an eligible CDBG public service activity?**

Yes. It is possible. We urge you to take a look at some of the Rebuild by Design projects. We would be very interested in you making the case as to why it is going to lead to resilience, why this curriculum is important for the community. A lot of the Living with Water ideas that we saw include some public

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service, public engagement, and training people to be able to do that public engagement. Just remember it can't be your ongoing source of funding. The funds are going to run out and CDBG cannot be used for ongoing operations. But it is possible to establish tie-back for services. We don't see it often, but it has been done; it can be done.

11. Does the prohibition that applies to the use of CDBG funds in conjunction with eminent domain (found in HUD's Appropriations Act) also apply to the use of NDRC funds (established by the Disaster Relief Appropriations Act)? Does the waiver related to arm's length voluntary purchase apply to jurisdictions that have the power of eminent domain?

CDBG-NDR funds are subject to all regulations governing the CDBG program at 24 CFR part 570, unless modified by waivers and alternative requirements published by HUD in the NOFA or other applicable Federal Register Notice or if a grantee requests and receives a waiver. However, the extra limitations on the use of regular annual CDBG funds for eminent domain were not included in the P.L. 113-2 supplemental appropriation and do not cover CDBG-NDR funds.

12. To receive reimbursement for grant preparation, planning and citizen outreach activities can these activities be outlined in their own sources and uses statement as they apply to the entire project as a whole? In reviewing the Notice CPD 2013-07, we cannot find where grant preparation, planning and citizen outreach are considered to be general administration so we believe that is a separate item.

The applicant, not HUD, will make the decision on which costs it will pay or reimburse with the grant, should it receive an award. We allow up to 5 percent of a grant amount to be used for general administration and it is usually sufficient for application purposes to note the amount budgeted for those expenses without requiring further break out up front. The costs of applying for a federal grant, as is citizen participation related to the public comment period are referenced in 24 CFR 570.206 of the CDBG regulations as program administrative costs and are therefore part of general administration. Full-fledged consultation and planning costs may be part of either program administrative costs or activity delivery costs depending on whether those costs were incurred as part of the implementation of your specific NDRC project(s).

13. Do we need a waiver for any watershed restoration, thinning work because it isn't on the main CDBG-DR eligible activity category list?

We usually consider watershed restoration on public land as a public improvement, which is a standard CDBG-eligible activity category. If you will be working on private land by securing a long-term (15 or more years) public easement, that would still fit in that category. If you will be working on private business or residential land without an easement, other categories could come into play, such as economic development. Under the State CDBG program, HUD gives a state maximum feasible deference in interpreting how an activity is eligible under the Housing and Community Development Act of 1974, as amended. If, after your review, you want to request an eligibility waiver, the instructions are in Appendix E.

14. If an applicant is using an existing CDBG-DR award for the purposes of applying to the CDBG-NDR competition, must these funds be classified as an eligible general administration cost, or could CDBG-NDR expenses also be applied as an eligible planning activity expense?

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Should such expenses meet all other regulatory requirements relative to eligible planning activities?

Current State CDBG grantees may use CDBG funds directly as general administration to apply for another federal grant, or they may make a sub-grant to a unit of general local government for either planning or general administration activities in conjunction with conducting data analysis, planning, or preparing an application. Planning activities are required to meet a national objective in accordance with the published regulations. All usual caps apply.

Current CDBG-DR grantees (state or not) may do all of the above, and in addition, they may carry out an area-wide planning activity directly, following the published waivers applicable to their grant. (if a state can establish that the planning activity has tie-back to addressing effects of the disaster, it need not meet a national objective. Read applicable Federal Register Notices.)

Please note that for State grantees receiving an award under this CDBG-NDR NOFA, the Department is removing the eligibility requirements at 24 CFR 570.483(b)(5) or (c)(3). Instead, States must comply with 570.208(d)(4) when funding disaster recovery-assisted planning-only activities, or directly administering planning activities that guide recovery in accordance with the Appropriations Act.

15. Could you please point me to any information from HUD and relevant portions of the NDRC NOFA for setting up a loan loss reserve program for a state to finance critical infrastructure for resilience, such as microgrids? Is there any information available on the benefits or capability of setting up a revolving loan fund versus a loan loss reserve program using CDBG-DR (or CDBG-NDR) funding for critical infrastructure?

The NOFA does not speak to loan loss reserves specifically. To the CDBG program, loan loss reserves are a financing method for carrying out an eligible activity. There is some guidance on the HUDExchange about loan loss reserves in CDBG or NSP (very similar).

https://www.hudexchange.info/resources/documents/NSPPolicyAlert_NSPPolicyAlert_NSPRevolvingLoanFunds.pdf

https://www.hudexchange.info/resources/documents/NSPPolicyAlert_LoanLossReserve_12-7-10.pdf

HUD cannot advise you on the pros or cons of an RLF versus a loan loss reserve without providing unfair advice on your application. Note that HUD did publish a notice on New Jersey's energy resilience bank this week: <https://www.hudexchange.info/news/hud-publishes-clarifying-guidance-and-waivers-for-cdbg-dr-grantees-under-the-disaster-relief-appropriations-act-2013>

16. Please verify that NDRC Resiliency funding can be used for property acquisition as part of a mitigation infrastructure project. If so, what is the required property acquisition process?

Acquisition of real property from another party/ies is an eligible CDBG activity.

If you are awarded funds for your NDRC proposal, the grantee will have to complete an environmental review. In CDBG, we delegate the review to the state under the regulations at 24 CFR part 58. After the release of funds is executed, the state or its sub-grantee/subrecipient will carry out the acquisition in accordance with the Uniform Relocation Act requirements for CDBG grants, as described in the CDBG regulations. Depending on the property involved, some of the waivers in Appendix A of the NOFA may also be applicable.

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The activity must meet a national objective. Sometimes, acquiring a property can meet a national objective without any other action. Usually, property acquisition meets a national objective based on the ultimate re-use. Please refer to Appendix A, especially with regard to tie-back.

- 17. In the NOFA it allows for the reimbursement of general administration costs (not to exceed 5%). Each of our partners has incurred costs to prepare the application and citizen outreach, do we show all of these costs as one line item on the budget or do we need to separate them out individually by activity? What documentation will be required for reimbursement?**

In DRGR, the critical factors to consider in breaking out activities are 1) eligibility category in the regulations; 2) responsible entity (whoever was responsible for carrying out the activity; and 3) national objective. So, general administration or planning activities carried out by an assortment of responsible entities would have to be broken out.

The documentation for reimbursement is the same as documentation for any CDBG activity and will be the responsibility of the grantee to determine and maintain. HUD reviews most CDBG grant activities after-the-fact, not in advance of payment. See Appendix A and the CDBG regulations for the State CDBG program (24 CFR 570.400's)

Remember that, if selected, a grantee will need to draw on the 5% allowed for grant administration to carry out all proposed activities.

NOFA and Submission Details*

- 1. The notes about the NOFA Technical Amendment indicate that the table in Appendix H has changed but the new file with the table is the same as the one in the original Appendix H. Moreover, the table referenced is not on the last page as described. Is the update correct or are the changes referenced incorrect?**

Also, could you identify the specific changes to the “instructions” or is it just the Appendix H?

The NOFA package (the application instructions link on grants.gov leads to a zip file with several files inside it) includes a PDF document summarizing changes to the NOFA factors. Factors 2, 3, and 5 have some new material, and they have been reorganized and reformatted to make required elements more obvious. Factor 4 includes a different scoring rubric and two new definitions.

There are two tables in Appendix H. The table for listing costs and benefits as part of the BCA Narrative Description has not changed. However, the tables with the Value of Statistical Life have been updated since the Phase 1 application materials. The formatting of this table caused technical problems with the document, so HUD turned the table into a separate file and added it to the zip file. This new file is named “Appendix H injury tables 6.30.15.pdf” and is currently available for download with the complete NOFA package.

- 2. Is it acceptable to produce graphical representations of the organizational charts, upload them to grants.gov and reference them in the narrative by filename, similar to maps and drawings which are exceptions to page limits?**

The NOFA includes the organization chart as part of Exhibit C so it will be subject to the page limits.

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- 3. Does HUD want applications to describe outcome measures in Factor 3 (Soundness of Approach) or Factor 5 (Long-Term Commitment)? The NOFA is ambiguous but we would assume HUD would not be requesting the same information for two separate factors.**

The NOFA requires outcome measures for the activities assisted with CDBG-NDR funds and the direct leverage. We also want outcome measures related to resilience for the long-term commitment(s), which are separate from the assisted projects. There may be scenarios where the metrics/measures overlap, but the amounts contributed by a project would differ from the amount contributed by a long-term commitment. For example, you may have an outcome goal of increasing community resilience by protecting 600 households from projected repeated riverine flooding. Your CDBG-NDR assisted project will move 100 households to new homes outside the floodplain. Your long-term commitment of passing a new ordinance requiring that all new construction and substantial reconstruction in that area be at ABFE +2 will protect an additional X households over the next Y years.

- 4. What are requirements for “organizational charts” Organizational charts, particularly for large organizations, can take a significant amount of space. Would it be acceptable to provide one governing Organizational Chart for implementation of the proposed Phase 2 project, with that chart clearly delineating roles of identified project partners?**

The org chart is within the Exhibit C and subject to the page limits. The NOFA specifies an org chart that only includes managers and key staff. The NOFA asks for a similar org chart for each Partner and a description of the Partner’s role. In addition, if you want to show in your org chart how/where the Partner connects to you, that would be acceptable.

- 5. The suggested format for the narrative Table of Contents is the Crosswalk Checklist provided in Appendix J of the NOFA. This checklist is also required as Attachment H. Should the checklist be in both places, and does the Table of Contents count towards the 75-page maximum?**

The Crosswalk Checklist is the Table of Contents and you will submit it as Attachment H, which is not covered by page limits.

- 6. The NOFA directs the applicant to fulfill the General Section information per the Fiscal Year 2014 Discretionary Programs. Should the applicant instead now respond to the FY2015 General Section NOFA?**

No. Still the 2014 General Section.

- 7. The Crosswalk Checklist is currently 3 pages. May we delete the Phase 1 section of this table and thus reduce the crosswalk to 2 pages?**

Yes.

- 8. Is the total of all files only 200 MB, or is this the limit only of the actual application in the Grants.gov system?**

HUD did not establish the limit. The memory limit cited in the NOFA was the direction in September 2014 that applied to documents in grants.gov.

- 9. With the understanding that any graphics (maps, charts, drawings, etc.) would be included in the page count of narrative text, are graphics allowed to be embedded in the narrative text?**

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In the Content and Form of the Application Submission section, the NOFA says that the Exhibits are narratives and the Attachments may include maps and drawings. NOFA:

e) Attachment E –Maps and Drawings (optional). Maps, drawings, renderings, and other graphical representations of the project or MID-URN target area and overall project geography submitted uploaded to grants.gov (total application must not exceed 200 MB in size), or by providing a password-protected link in your Executive Summary to a cloud storage service such as Dropbox, Google Docs or Drive, Microsoft OneDrive, Box, or Bitcasa. Files must be in a PDF or JPEG format. Include relevant copyright or ownership information within the body of each file. All submitted files must be referenced in your narratives by filename. HUD will not open or review unreferenced files. Such graphical representations will not count against the page limits provided they include no narrative text or data tables. Labels, legends, data sources, and copyright information are acceptable and expected.

You must email the password for any cloud storage link to ResilientFuture@hud.gov. Include Applicant's name in the Subject line of the email. Include Applicant's name, a contact person's name and telephone number, a list of the relevant filenames, and the password in the body of the email.

10. Is the Applicant allowed to place a graphic on the title page as long as the title itself conforms with the font size and page spacing per instructions?

We won't hold it against you, but it is not required. Note the size limits for grants.gov files.

11. Concerning Exhibit and Attachment Title Pages, is there a restriction on font size, color, and spacing on these pages?

No. Note the size limits for grants.gov files.

12. The Consistency with other planning documents Factor (page 45) requires applicants to provide documentation in the attachments of the application. Which attachment are these documents to be placed? These are listed in the descriptions for Attachments A – I.

As we did not specify, you may include it in any Attachment. Our preference would be that it is attached to the Consultation Summary.

13. In the NOFA it indicates that: "Each CDBG-NDR application for Phase 2 must contain no more than 75 pages, with five additional pages allowed for each project after the first, if the application includes multiple projects." Does this also cover each planning activity? In other words, does HUD provide five additional pages for each planning activity that an applicant is proposing?

Not likely. A group of similar planning activities meeting the same goal are probably a project under the definition in the NOFA.

14. We have conducted several studies as part of the Phase 2 application in order to identify and scope projects appropriately. We will include summarized narrative of the studies and findings in the exhibits, but should we attach the studies in their entirety? These may include a significant amount of technical data.

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Yes, you may provide a link within the narrative to a website where you post the entire study or database. We generally do not use such materials for scoring purposes, but we do try to verify that the data or study is reputable and reliable and including this link will help.

- 15. Section IV B.b. Page 20 of the NOFA establishes page count criteria for Phase 1 and Phase 2. For Phase 1, additional pages were allowable for each additional project area. For Phase 2, additional pages are allowable for each additional project. Can you confirm that the Phase 2 page count is based on the number of projects, NOT project areas, and that we should use the definition of ‘project’ established on p. 12 in Section I. C.11 of the NOFA for the purpose of understanding page calculation?**

For Phase 2, the additional pages are allowed for each additional project and project is defined in the definitions section of the NOFA at C.11.

- 16. We are putting the finishing touches on our application and are wondering where to include the Certification of Consistency with the Consolidated Plan (Form HUD-2991). The NOFA says just to include it among the attachments, but does not specify which one and the form is not listed on the Crosswalk Checklist (Appendix J). Can you help?**

The Certification of Consistency with the Consolidated Plan, or the alternative commitment referenced on p. 45 of the NOFA, may be included at the end of Attachment D, the Consultation Summary, after the Comment Summary that lists the comments received from stakeholders about the application. If it is included with any other attachment, or even separately, we will accept it. The suggestion of Attachment D seems to make logical sense to us and helps you deal with the grants.gov limit on the number of files. Please note in Attachment H, the Crosswalk Checklist and Table of Contents, the location of the Certification of Consistency in your application.

- 17. (NEW) On page 20 of the NOFA (application lay-out) it says that any tables included in the narrative exhibits must be double spaced or they will be counted twice. In regard to the Soundness of Approach, if a table each for the scaling/scoping of project activities, program schedule, and budget were generated as an attachment would those tables also have to be double-spaced?**

The budget and schedule responses are part of the narrative exhibit, not attachments, so they are subject to the page limits and format requirements. Only the Sources and Uses statement is not included in the page limits in the NOFA instructions.

- 18. (NEW) Does the BCA Qualitative Narrative need to follow the same formatting as the Exhibits in the NDRC application (eg. 12 pt font, double spaced, etc)? Also, does the rest of the BCA need to follow these formatting rules?**

Only the narrative exhibits are required to meet the formatting requirements. Not the attachments.

- 19. (NEW) Do the pages submitted as part of the Phase 2 application in the threshold narrative section count toward the 75 page limit in the application? How does this map to the statement in Appendix G, top of page 3: “HUD anticipates that the Phase 2 narrative response to address the Unmet Recovery Needs and the most impacted and distressed requirements will be approximately 10 pages for each sub-county area or group of similarly situated sub-county areas?”**

Yes, all of the narrative exhibits are covered within the 75 page limit.

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20. **(NEW)** The NOFA, Section IV, B. Content and Form of Application Submission, b. Application Page Count states; “Each CDBG-NDR application for Phase 2 must contain no more than 75 pages, with five additional pages allowed for each project after the first, if the application includes multiple projects. Any pages beyond these limits will not be reviewed. HUD will not consider the information on any excess pages, which may result in a lower score or failure of a threshold.” Our application has multiple projects. If we have 4 projects in addition to our initial project, and 2 of the projects require only 3 additional pages to describe, are we allowed to divide the remaining 4 pages (2 per project) between the other 2 projects to enhance their description?

You may allocate the allowed extra pages as you find necessary to respond to the NOFA. We count the total for the covered exhibits, not the space actually used for each project.

21. **(NEW)** According to Appendix E, if a project/program schedule has a proposed time needed for completion in excess of 24 months, the Applicant must also submit a waiver request for a time extension. However, given that Appendix A allows grantees to request that HUD obligate funds in set amounts over time (provided that all funds are obligated prior to September 30, 2017), do applicants need to request a waiver if a project is longer than 24 months, or a waiver of the 24 month deadline from obligation?

You do not need to submit a waiver if your schedule shows that you will complete expenditure within 24 months of the date HUD obligates the funds under a grant agreement. Remember, HUD will not be able to obligate funds after September 30, 2017.

22. **(NEW)** Page 39 of the Phase 2 NOFA provides instructions for references, to be included in the Capacity narrative. The directions say, “References should only include a contact name, address, phone number, and email address so HUD may verify the information.”

What information will you be verifying? The way it’s worded makes it sound as if we are to include a letter or statement from the person who will give us a reference, rather than only providing contact information, and that HUD may then contact the person to verify that the statement is correct.

You will be describing your capacity in response to the factor prompts. We will check the references to see whether the information they provide is consistent with the applicant/Partners having the capacity you describe.

23. **(NEW)** In our Phase 1 application, we included in our cloud storage account a file with examples of our outreach materials such as press releases, flyers, newspaper articles, selected slides from presentations, handouts, agendas, sign-in sheets, and so forth. This is not required as far as we can tell, but such material was included in the Rebuild by Design entries we looked at, and we thought it would give HUD a better idea of our outreach efforts. Is it acceptable to include this material in the cloud storage, and link to it from our Capacity section for Phase 2?

We may not consider any items we did not request. So, outreach materials that are graphic and not text may be considered, but not text (beyond labels).

24. **(NEW)** Can citations go in an appendix or bibliography that does not count toward the text page limits?

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Not citations for Exhibit text. You can provide links to source documents within your MID-URN response and the BCA does not have page limits.

25. **(NEW)** We currently have eligible activity and national objective identified in the soundness of approach. There is some language in the NOFA that mentions this as part of threshold. Does this information also need to be present in Exhibit B? Does it need to be addressed by sub-county area or can it be summarized at the beginning or end of the narrative?

As with Phase 1, it is OK to address a topic fully in one section and cross-reference as needed in others. If you do not deal with eligibility or national objectives in Exhibit B other than to cross reference narrative in another Exhibit, that would be acceptable. Same goes for how you structure your outline within an exhibit – your call. Make sure you respond to the prompts.

26. **(NEW)** Do you have a preference where we place our budgets in the application? Sources and Uses are supposed to go with the Leverage documentation in Attachment B, can we include the budgets in Att. B also?

The budget is part of the Exhibit for Soundness of Approach and it is subject to the page limits.

27. **(NEW)** We submitted Phase I Application under a state agency’s DUNS #. The Application clearly described that another state agency would be the “Grantee” on behalf of the State, although the agency of record would be the Subrecipient and submitter, which was allowed under the Q&As. Is it acceptable/preferable for the State to enter Phase II the same way?

Public Law 113-2 requires HUD to award grants “directly to the State or unit of general local government as a grantee.” To HUD, the applicant is the State. The governor may decide which State agency will submit the application and which will be the grant administrator. You may explain the arrangement in your capacity response. HUD does not care which DUNS number is used for submission purposes so long as the State is bound to the terms of the grant agreement, should it win an award.

28. **(NEW)** Our understanding is that the budget and schedule are to be included as part of the Factor 3: Soundness of Approach narrative. Does this mean that these items must be double spaced, and use Times New Roman 12 point font? They’re in Microsoft Excel right now.

Yes, those are the NOFA instructions. The Sources and Uses statement is not so limited.

29. **(NEW)** For box 17 of the Grant Application Package, what would be the start date and end date? Would there be a generic start/end date? In our Phase 1 Application we used “9/1/2015” as the start date and “9/1/2019” as the end date. Would we use 01/01/2016 to 09/01/2019? What if we are submitting a timely expenditure waiver?

Please enter your best estimate of start and end dates based on your application if all requested waivers are granted.

30. **(NEW)** For box 18 of the Grant Application Package, do we just put the amount of CDBG-NDR funds requested in box “a. Federal” and then “g. TOTAL” or are we required to fill out the other boxes as well with, for example, possible leveraged funds (if applicable)?

Please try to fill out all the applicable boxes. It helps us get a quick read on the scope of our work.

31. **(NEW)** For the Grant Application Package, for question “ *2. Status of Federal Action:” box “b. initial award” was already checked off. In Phase 1 we checked off “a.

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bid/offer/application.” Which is the correct box to check for the purposes of this application?

Initial award will work. We don’t use the data from this field for HUD purposes.

32. **(NEW)** The guidance does not say where to place attachments required in Factor 5 Regional Coordination and Long-Term Commitment (Pg 48 bottom paragraph). Should these commitment letters/MOUs be included with the Factor 5 narrative at the end or should they go elsewhere in the submittal, e.g., Attachment B - Leverage Documentation?

We used the word “attachment”, so this documentation will not be part of the page limits. Please attach the letters to the end of the Factor 5 Exhibit. We will not count them in the page limits. Another alternative is to attach them to the Consultation Summary.

33. **(NEW)** We need clarification on Form HUD-2880. In the Phase 1 FAQ documents, applicants were advised to answer “no” for both questions 1 and 2 in the Part I: Threshold Determinations sections. Therefore, the rest of the form was not applicable.

For Question 1 (*Are you applying for assistance for a specific project or activity? These terms do not include formula grants, such as public housing operating subsidy or CDBG block grants.*), it is unclear to us whether “CDBG block grants” were intended to include NDRC in this context. Please confirm which response would be appropriate.

For question 2 (*Have you received or do you expect to receive assistance within the jurisdiction of the Department (HUD), involving the project or activity in this application, in excess of \$200,000 during this fiscal year (Oct. 1 - Sep. 30)?*), we’re not sure whether this qualifies as “expect to receive” since it is a competition.

The answer is actually going to be “yes” for both questions. And you will be prompted to enter a Social Security Number or EIN for your Partners – you should enter their DUNS number instead.

34. **(NEW)** In Form HUD-2880 there is a section titled Part III Interested Parties which is asking for information for entities that may have a financial interest in the program. One of the columns asks for Social Security Number or Employee ID Number for persons who may have financial interests in the grant opportunity. How do we fill this section out for consultants, engineering firms, developers, etc. who we are partnering with who have a financial interest in this program? SSIs and EINs don’t seem to be the right identifiers for these entities.

You enter your Partners and you will be prompted to enter a Social Security Number or EIN for your Partners – you should enter their DUNS number instead. For the amounts, you may enter \$1 if the figure is TBD. I assume your narratives will explain the situation sufficiently.

35. **(NEW)** Could you clarify where the applicant’s two references should be included in the application if they are just names and contact info not “...an article, evaluation or transcript”?

The references go within the Capacity Exhibit.

36. **(NEW)** Please confirm that the data for the BCA may be displayed in the Attachment F and will not count against the page limit.

Per page 1 of Appendix H: “Additional information or narrative to explain how monetary costs or benefits are established for the purpose of calculating a net present value and benefit-cost ratio may be

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included in the BCA Attachment to the Phase 2 application without counting against the application page limit.”

- 37. (NEW) At the second Resilience Academy, we were told we may include pages of maps, renderings, etc. in the proposal narrative, and as long as those pages do not contain text (aside from a map legend or title on a drawing), the pages with “visuals” would not be counted towards the page limit. Is that correct?**

Here is what the NOFA says:

(e) Attachment E –Maps and Drawings (optional). Maps, drawings, renderings, and other graphical representations of the project or MID-URN target area and overall project geography submitted uploaded to grants.gov (total application must not exceed 200 MB in size), or by providing a password-protected link in your Executive Summary to a cloud storage service such as Dropbox, Google Docs or Drive, Microsoft OneDrive, Box, or Bitcasa. Files must be in a PDF or JPEG format. Include relevant copyright or ownership information within the body of each file. All submitted files must be referenced in your narratives by filename. HUD will not open or review unreferenced files. Such graphical representations will not count against the page limits provided they include no narrative text or data tables. Labels, legends, data sources, and copyright information are acceptable and expected.

You must email the password for any cloud storage link to ResilientFuture@hud.gov. Include Applicant’s name in the Subject line of the email. Include Applicant’s name, a contact person’s name and telephone number, a list of the relevant filenames, and the password in the body of the email.

- 38. (NEW) We are submitting 6 BCAs to cover 6 of our proposed projects and each BCA consists of some word documents and an excel file. Given the format of our BCAs can you please confirm that it is okay to submit Attachment F on Dropbox with a folder for each project’s BCA? (similar to how we will post our Attachment E materials).**

Follow the NOFA directions – grants.gov is the official submission method unless the NOFA specifically provides for another option. You must submit Attachment F via grants.gov.

You may use Dropbox or another cloud storage service to provide data access to supporting information for your narrative in response to Appendix G or the BCA. Just make sure to summarize that data within your narrative response and provide the links in the BCA narrative submitted through grants.gov. As we said in a Phase 1 FAQ: “While HUD at this time does not envision it to be necessary, insofar that any of your narrative responses in the other Exhibits require supporting “data” then the cloud storage service referenced at Attachment E may be used for that purpose, as well. HUD will not look at anything that is not labeled and linked in accordance with the NOFA directions.”

If you come up against the grants.gov limit on the number of submitted files (which seems to have affected some applicants and not others in Phase 1), you may combine required files into one document provided the Crosswalk Checklist provides clear direction on where HUD should look for the required material.

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39. **(NEW)** Do we have to utilize a password protected cloud service or, as in the case of Google docs, can we also use a service which is not password protected. We have access to free cloud service and we would like to use that if possible.

We prefer password protected, but will accept unprotected. Note that we check to make sure the upload dates are before midnight October 27. So please make sure to limit access to the site so files don't inadvertently get updated post deadline.

Phase I Scoring

1. **May Federal partners reveal to other officials the contact information of non-disclosed applicants so that those applicants can be connected to other potential federal resources?**

HUD recommends that Federal partners who've participated in Phase I do not provide this information. Identities of non-disclosed applicants are still confidential information and the information would be released to those not covered by the Reform Act. Please note that you may inform all 67 eligible Phase 1 applicants about the potential federal resources available.

2. **For Phase 2 eligible applicants to effectively pivot from Phase I on to Phase II, it would be helpful for them to review the Phase I application in relation to how it was scored. Will this be an option, and do you have any insight as to when we may be able to do so?**

Although HUD will not provide the exact points scored until debriefing after Phase 2, the detailed comments transmitted with your letter effectively provide what you are asking for. If you look, each comment starts with a general statement that includes the words "high", "moderate", or "low", then follows with any specific comment the panel wanted you to have.

Hurricane Sandy and P.L. 113-2 Grantees

1. **Will HUD forward requests from grantees directly to the Sandy Regional Coordination Working Group, or do we need to follow up directly with the Working Group?**

Requests for consultation of the Sandy Regional Coordination Working Group, the NOFA provides that HUD encourages applicants that are subject to the November 18, 2013 Federal Register Notice to submit activities that meet the definition of "covered project" to the Regional Coordination Working Group for consultation. However, applicants that wish to be considered for funding under the set aside of \$181 million for areas most impacted and distressed by Hurricane Sandy in New York State, New York City, and New Jersey, submission to the Sandy Regional Coordination Working Group is mandatory.

The Regional Coordination Working Group is also known as the Sandy Regional Infrastructure Resilience Coordination (SRIRC) Group.

The following submission procedures are taken from the NOFA:

- 1) Submissions to the Regional Coordination Working Group for consultation must be sent to HUD to forward to the Regional Coordination Working Group prior to applying for funding under the National Disaster Resilience Competition.
- 2) Applicants can submit all covered projects information to resilientrecovery@hud.gov with the suggested subject heading: "Request for consultation - Regional Coordination Working Group." HUD will forward the submission to the Regional Coordination Working Group.
- 3) Documentation of submission to the Regional Coordination Working Group may be submitted as an attachment to an application and will not be counted toward page limits in the application.

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The NOFA does not specify when an applicant should submit requests for consultation. Submissions will be accepted any time prior to the NDRC application deadline. The SRIRC has indicated that applicants are more likely to receive consultation feedback prior to the NDRC application deadline if they submit no later than August 31, 2015.

2. The NOFA states that HUD is setting aside \$181 million for Hurricane Sandy Qualified Disasters in the States of New York and New Jersey and in New York City. How do these applicants indicate they are applying for this specific pool of funds?

Unless a grantee indicates otherwise in its application, HUD will automatically consider the grantees that are eligible for the \$181 million set aside. As stated in the NOFA, the States of New Jersey and New York, and New York City are eligible for this funding due to the catastrophic level of damage caused in those areas from Hurricane Sandy and tropical storms in 2011.

3. What is the required content of Covered project submissions sent to SRIRC?

The NOFA does not specify the content of submissions to the SRIRC. HUD recommends, but does not require, that applicants should submit information with sufficient detail to receive meaningful feedback. Although not required, applicants subject to the November 18, 2013, Federal Register Notice may submit information responsive to paragraphs VI.2.c. through VI.2.f. (78 FR 69107), and paragraphs VI.2.g.(2) through (5) (78 FR 69108), of the November 18, 2013 Notice, along with a project description to the SRIRC to the extent applicable, and to the extent that the information will facilitate consultation with the SRIRC and the goal of promoting a regional and cross-jurisdictional approach to resilience. The SRIRC may separately provide guidance to applicants regarding the level of detail in the submission necessary to receive feedback, but any guidance from the SRIRC is not a requirement of the NOFA.

4. Our community received its initial CDBG-DR allocation under an earlier disaster recovery appropriation, and was later allocated additional funding under Public Law 113-2. Is our community subject to the additional federal requirements for a Covered Project described on page 26 of the Phase 2 NOFA?

The NOFA, page 27 says “strongly encouraged,” not “must”:

Applicants that Received a CDBG-DR Allocation in Response to 2013 Disasters. HUD strongly encourages applicants that are subject to the June 3, 2014 Notice to follow the requirements for “infrastructure projects” and “related infrastructure projects” (defined in paragraph V.3.b.) in paragraphs V.3.c. through V.3.f. (79 FR 31967, 31968). These applicants are also encouraged to follow the requirements for “covered projects” (defined in paragraph V.3.g.) in paragraphs V.3.g.(2)-(5) (79 FR 31968). Grantees are advised that paragraphs V.3.g.(1) and V.3.g.(5) are inapplicable and are superseded by the project description requirements and HUD rating and ranking process described in this NOFA.

Submissions documenting voluntary compliance may be submitted as an attachment to an application and will not be counted toward page limits in the application.

All applicants proposing a Covered Project are required to submit a Benefit Cost Analysis (BCA). For a definition of Covered Project, see page 11 of the NOFA.

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Reserve pool

1. Who is eligible for reserve pool funds?

HUD may award up to \$30 million in reserve pool funds to applicants that did not qualify for NDRC funds but have demonstrated MID-URN in its submission and met scoring criteria detailed in the NOFA. Any such allocations would be regular CDBG-DR grant funds.

Capacity

1. Are we required to provide an organizational chart for each partner or will a description of the partner's key staff and their positions and their specific roles and responsibilities be sufficient?

The NOFA says:

“(1) Existing Management Structure. You must provide a description of your existing management structure, including any gaps or vacancies, or positions contingent on award, AND including an organizational chart that identifies all key management positions and the names and positions of staff that will manage CDBG-NDR. You must also describe your key staff or positions and their specific roles and responsibilities for the day-to-day management of your proposed project or program.

If you are applying with a Partner(s), provide this information for each organization and also describe the role of each entity. Clearly state whether your capacity to implement the project depends on a particular Partner.”

We expect to see an organization chart for each Partner including key management positions and the names and positions of staff that will manage CDBG-NDR. You do not have to go into detail on parts of an organization that are not at all relevant to the proposal.

Scaling/Scoping of Projects

1. On page 44 of the NOFA, Phase 2, Factor 4 (8)c. it states: “HUD reserves the right to adjust requested funding amounts downward to fit unmet needs as determined by HUD.”
If our funding amount is adjusted downward, will HUD select only certain activities that they want to fund? Or will HUD use our activity priority order in choosing what activities to fund?
 - If, for example, we have 10 activities totaling \$10 million and HUD only wants to give us \$5 million would we then get to fund activities 1 through 5 or would HUD make a specific selection like activities 2, 6, 7, 9,10, etc.?

If a partner's activity brings leverage with it but then it is not funded by HUD, is the State still required to commit that amount of leverage? Or is it based on percentages?

- For example Partner A wants to do Activity 5 that has a total cost estimate of \$1M. They bring \$500K in cash, If Activity 5 is not selected for funding by HUD, will the State still need to find that \$500K in cash leverage from another source?
- OR, is it based on percentages? For example, if the State is asking for \$30M and has 50% (\$15) in leveraged commitments, if HUD only chooses to fund \$15M total, then the State then only needs to provide 50% (\$7.5M) in match?

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While it is required that you submit scaling and scoping options for your proposal, it is optional to submit your priorities. HUD will consider your priorities if you submit them, but may make other selections if necessary, for example, to achieve the competition goals or ensure geographic diversity.

If we scale down your proposal, we will contact you regarding the details, which may include consideration of the treatment of any leverage committed conditionally based on grant award to a particular project or activity or phase of your proposal. The NOFA allows: “Statements that the commitment is subject to the award of CDBG-NDR grant funds are acceptable, so long as the commitment is firm.”

- 2. In our application, we will propose projects in watersheds throughout the state with different circumstances, including MID-URN and LMI qualifications. Under these circumstances, within the Soundness of Approach narrative, should we describe the full scope of this approach and all of the watersheds as a single program? Or break out the circumstances and other unique elements separately for each watershed? Does this decision impact how we report our budget? If we describe each watershed separately, must we have a distinct budget for each watershed?**

HUD cannot advise applicants on which project approach will score better in the application process.

It is your choice whether to discuss the full scope of this project as a single unified program or as individual projects drawn separately from your framing idea or concept. If you do break out the projects individually, you may use the additional pages allowed for additional projects and you must provide separate budgets for each project.

If you choose to propose a program as your single project, you must provide detailed selection criteria.

A third option would be to break out known project(s) and also have a program with selection criteria for the remaining areas.

- 3. Could you provide more guidance regarding the level of detail required in the budget and a recommended format? Do we need a breakdown of specific activities with unit prices, hours, etc?**

The level of detail is specified by the NOFA as being at the DRGR, or roughly CDBG activity, level. (See NOFA p. 44.) A level of detail such as the categories included in the entitlement CDBG regulations at 24 CFR 570.201-207 would be appropriate. The HUDExchange site has a wide variety of DRGR training resources with examples of project and activity set up.

- 4. Is the “Sources and Uses Statement” in addition to or in place of the Budget? Our project includes multiple activities overseen by multiple partners (local municipalities, environmental groups, etc.) Does each activity need its own Sources and Uses Statement?**

The budget and sources/uses statements are distinct. The NOFA says on page 44:

“You must provide a budget for the CDBG-NDR-assisted project or program that includes and identifies by source any direct leverage. See Factor 4 Phase 2. The project or program budget will show all projected sources of funds and estimates and summarize costs at a minimum in the format required to set up and report on each project and activity in DRGR. (During Phase 2, HUD

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will provide all invited Applicants information on setting up and reporting on a CDBG-NDR project and activity in DRGR. (General DRGR technical information including guides, tools, webinars, and upload templates is available at <https://www.hudexchange.info/drgr> .) Describe how you determined the budget and how you will ensure that the CDBG-NDR-assisted project will be cost-effective, and how you will ensure that costs will be in line with industry standards and appropriate for the scope of the project. HUD will evaluate your proposed project cost estimate on the extent to which projected sources are sufficient for the scope of the proposed project as a whole (not just the CDBG-NDR-assisted portion, to the extent the scopes differ). Also provide a detailed Sources and Uses statement for each project or program within the NDRC proposal that reflects all funding, including leverage and identifying any related supporting commitments. The Sources and Uses Statement is not subject to page limits and may be submitted as part of Attachment B Leverage Documentation. The proposed uses for the CDBG-NDR funds must be identified in a separate column from other funds. You may provide additional description of your cost estimate in the narrative as needed to provide further detail on costs and/or detail restrictions associated with other sources. “

Each project or program needs its own budget and its own sources/uses statement.

- 5. Do the project configurations for scaling/scoping need to have their own separate calculation of a benefit/cost ratio? If so, how would that be submitted? As a separate workbook, a tab in the BCA workbook, or discussed in the narrative with a table in the narrative?**

Yes, each scaling/scoping project configuration need its own BCA calculation. It is up to the applicant to determine the best way to submit this information to HUD. Applicants can submit them as a tab in the BCA workbook, or can submit individual narrative tables. The format should be designed such that the analysis is easy to follow without additional explanation.

Regional Coordination

- 1. The project area includes an entitlement city that has a consolidated plan but extends to areas beyond their corporate limits. Which jurisdiction needs to sign the Consistency with Consolidated Plan form? Is it the State, the entitlement city, or both?**

We require States, as the applicant, to sign the certification that comes in with your NDRC submission. It is part of the mechanics of grants.gov.

Please note that a state also certifies that it has consulted with affected local governments on the use of funds.

- 2. Would the strongest application that has a regional project target area score higher than a project that just benefits one community?**

If you go bigger than your MID-URN area you will, according to the NOFA, probably score higher in at least some of the factors. We say that very specifically in long-term commitment. So read the NOFA, find those “regional” places and think about it. We definitely encourage greater regional involvement. As an alternative, we are also intensely interested in a really great, “compelling” pilot program or project that

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is just benefitting one community if it could be replicated or if it was holistic and really solved the identified problems forever.

- 3. The NOFA asks applicants to estimate the general amount of total investment in resilience necessary to benefit the entire community, inclusive, but not limited to, the MID-URN area. We received a lower score in Phase 1 for not discussing the area outside our MID-URN in our application.**

Our MID-URN, documented adequately in Phase I, happens to be our entire jurisdiction, and we generally define our “community” as the entire jurisdiction. Given HUD’s review of our Phase 1 application, will we need to estimate investments in a “community” beyond our city? Can we define community as just our city, which is the same as our MID-URN?

Similarly please define “overall NDRC geography” on page 39; how is the “overall NDRC geography” defined by HUD?

We cannot advise you on how to approach the prompts and you may develop your own reasonable definitions for terms left undefined in the NOFA and regulations.

The NOFA has a strong, repetitive emphasis on regional approaches and reaching outside the MID-URN area. Searching for “region” in the NOFA generates a large number of matches. For example, the NOFA says:

“Further, communities do not stand alone. A disaster affecting one community affects its neighbors. Frequently, vulnerabilities for flooding, storms, and fires have regional risks and solutions. Protecting a community from threats and hazards often requires cooperation with neighboring jurisdictions, not just during response, but also throughout the protection, prevention, mitigation, and recovery, as well as through revitalization, maintenance, and evaluation process.”

Environmental Review

- 1. If a state is a grantee, does NEPA review pass to the local government subrecipient if funded directly by the state?**

24 CFR Part 58 applies to all CDBG grants. If a state distributes funds to state grant recipients, as in the State CDBG program model, then environmental review will follow the same pattern as State CDBG. Within NDRC, States can implement projects and programs directly, as in the CDBG entitlement model. If a local government subrecipient receives funding from the State to implement a project as part of the State’s NDRC project or program, the State is still responsible for completion of the environmental review.

- 2. What is the timing of HUD’s environmental review?**

HUD's regulations at 24 CFR 58.22 prohibit NDRC applicants and their partners from committing or spending HUD or non-HUD funds on any activity that could have an adverse environmental impact or limit the choice of reasonable alternatives prior to completion of a HUD environment review once a project has become "federal." This prohibition on "choice-limiting actions" prohibits physical activity, including acquisition, rehabilitation, and construction, as well as contracting for or committing to any of

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these actions. Once the Phase II application is submitted to HUD on October 27, 2015 the project will become “federal.” The restriction on undertaking or committing funds for choice-limiting actions does not apply to undertakings or commitments of non-federal funds by project participant before the Phase II application due date. However, applicants may not enter into new undertakings or commitments prior to a completed HUD environmental review once there is a federal nexus.

FEMA/NFIP

- 1. Can NDRC funds be used in a community that doesn’t participate in the NFIP or does not have a FEMA flood plain map? We have rural communities that do not have FEMA issued Flood Insurance Rate Maps. Due to such low populations, these communities will not be mapped by FEMA. However, there are local studies that have been done for new development of roadway construction where the floodplain has been identified. For example, the study for a new bridge may identify that the “100 year” or “25 year” event will result in flood depth of 12’ at the bridge crossing. Additional flood depths related to the topography are identified. So we will have numerous site specific projects where the floodplain is identified in a study but is not shown on a FEMA issued Flood Insurance Rate Map.**

Under 24 CFR 55.2(b)(1), the regulation states, “If FEMA information is unavailable or insufficiently detailed, other Federal, state, or local data may be used as “best available information” in accordance with Executive Order 11988.” Please also refer to our answer to Q191 in the NDRC Phase 1 FAQs. HUD recommends looking at local non-FEMA data but will not require its use under the broader Part 55 framework. If a locality would like to do so, they can elect to do so.

Grant management

- 1. When is the award date set? Is it when the announcement is made? Or when an agreement with HUD is signed? Is the agreement going to be signed for the entire amount or on a project by project basis?**

The award date is when HUD signs the grant agreement (which is after signature by the grantee). The grantee may choose the amount it wishes to obligate through an agreement. It can be signed for the whole amount or for any smaller amount requested by the grantee and for which the grantee wants to start the 2-year (or longer period as waived) clock. All funds must be under agreement by September 30, 2017 or they will cease to be available.

- 2. Is it permissible for one government entity to submit the Phase 2 application via grants.gov and a different government entity to receive the grant funds?**

Public Law 113-2 requires HUD to award grants “directly to the State or unit of general local government as a grantee.” The Phase 2 NOFA explains that NDRC Phase 2 applicants are one of 40 States and local governments invited by HUD to Phase 2 of this competition, that “submits certifications required of applicants by this NOFA, agrees to serve as the entity responsible for implementing the activities identified in the application, and, if selected for an award, signs the Grant Agreement.”

In other words, the State or local government applicant/grantee is the entity responsible for implementing the grant and signing the grant agreement, regardless of which authorized representative(s) of the applicant (generally a person within a division or department of the applicant

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with delegated authority from the chief executive officer) submits the application, signs the grant agreement, administers the funds, or undertakes the activities.

As required by statute, the State or local government Grantee remains legally and financially accountable for the use of all funds and may not delegate or contract to any other party any inherently governmental responsibilities related to management of the funds, such as oversight, policy development, and financial management (see Appendix A). This requirement is not intended to restrict the actions of the person or entity serving as the authorized representative of the applicant.

Major (Covered) Infrastructure Projects

- 1. Does the phrase “benefiting multiple counties” as used in the definition of “Covered Project” in the NDRC NOFA apply to a single major infrastructure project, such as construction of a road, that crosses jurisdictional boundaries and results in costs and benefits for more than one county?**

In a Federal Register Notice published on March 27, 2014 (79 FR 17173) HUD defined “benefits multiple counties” as that term is used in the November 18, 2013 Notice to mean “that a major infrastructure project is physically located in more than one county.” The NOFA expressly encourages grantees to follow certain requirements of the November 18, 2013 Notice that relate to Covered Projects. Therefore, HUD will not penalize any NDRC Applicant for adopting the March 27, 2014 definition of “benefits multiple counties.” However, for purposes of the application, NDRC Applicants may also treat “benefits multiple counties” to mean the proposal would benefit entities or individuals in more than one county, regardless of physical location.

- 2. Does the phrase “benefiting multiple counties” as used in the definition of “Covered Project” in the NDRC NOFA apply to a program that involves multiple smaller projects (such as tree planting, building retrofits, renewable energy installations) that are individually located within a single county?**

Appendix H of the NOFA includes a description of related activities that must be treated together for projects or programs subject to Appendix H:

“In describing the proposal, an Applicant must group together and evaluate as a single proposal all individual activities which are related to one another. Those activities might be near the major activity (a geographic relationship like a rehabilitation center near a hospital) or be necessary for the core project or program described in the proposal to work (a functional relationship such as a shuttle bus to link a satellite parking lot to a new building) or are logical parts of an action (for example off-site storage to ensure access to records).”

Additionally, the NOFA requires applicants to “submit a Benefit-Cost Analysis (BCA) for each Covered Project in your Phase 2 application in accordance with the instructions in Appendix H.” Appendix H permits applicants to submit a BCA for an entire program at the program level. However, the definition of covered project does not speak to programs, it speaks to infrastructure projects and related infrastructure projects. Therefore, activities need not be grouped together simply because they are part of one program. Applicants should look to the description of related activities in Appendix H when

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deciding whether activities should be grouped together for purposes of determining whether they collectively fall within the definition of a Covered Project.