

DRSI DIGEST

MARCH 2022

HUD Community Development Block Grant Disaster Recovery Program



MESSAGE FROM DRSI DIRECTOR: TENNILLE S. PARKER

The Disaster Recovery and Special Issues Division (DRSI) is pleased to publish the fifth volume of our DRSI Digest. The DRSI Digest is a quarterly newsletter to keep grantees and partners informed on the latest policy issues affecting our grantees, announcements on training and information-sharing, and highlighting the work Community Development Block Grant disaster recovery (CDBG-DR) and mitigation (CDBG-MIT) grantees are doing in the field every day.

President Biden's January 20, 2021 [Executive Order on Advancing Racial Equity and Support for Underserved Communities](#) sets the stage for a comprehensive approach for advancing equity for all, and directs the Federal government to create opportunities for the improvement of communities that have been historically underserved. In this newsletter, we'll highlight the work being done in DRSI and at HUD to support the President's Executive Order. HUD developed the Consolidated Notice for 2020 CDBG-DR Grantees which combines and updates requirements from several different *Federal Register* notices and CPD Notices that have governed CDBG-DR funds in the past. The requirements in the Consolidated Notice seek to advance the equitable distribution of recovery funds in disaster-impacted areas, including planning for targeted assistance to residents of underserved communities, members of protected classes under fair housing and civil rights laws, and vulnerable populations who have been historically marginalized and can be adversely affected by disasters.

NEW PRODUCTS

[2020 CDBG-DR GRANTEE
RESOURCE PAGE](#)

[FINANCIAL MANAGEMENT AND
GRANT COMPLIANCE
CERTIFICATION CHECKLIST FOR
2020 DISASTERS](#)

[CITIZEN PARTICIPATION &
EQUITABLE ENGAGEMENT \(CPEE\)
TOOLKIT](#)

Questions about the newsletter?
Send an email to DRSIPolicyUnit@hud.gov

CDBG-DR GRANTS FOR 2020 DISASTERS

HUD published the rules and requirements related to the funding for the 2020 grantees in the *Federal Register* notice on February 3, 2022. The applicability date of the notice is February 8, 2022. The notice can be found here: [2020 Allocation Announcement Notice](#). HUD has also posted additional webinars and materials including:

- [Financial Management and Grant Compliance Certification Requirements Webinar - NEW](#)
- [2020 CDBG-DR Notice Overview Webinar - Materials Posted](#)
- Materials Needed for CDBG-DR Grantee's Projection of Expenditures and Outcomes
 - [DRGR Grantee Programs Projections Upload Templates Fact Sheet](#)
 - [DRGR Upload Template: Grantee Programs Expenditure Projections - Add and Edit \(GPExpenditureProjectionAddEdit.csv\)](#)
 - [DRGR Upload Template: Grantee Programs Outcome Projections - Add and Edit \(GPOutcomeProjectionAddEdit.csv\)](#)

HUD ANNOUNCES \$3 BILLION TO ADVANCE EQUITABLE DISASTER RECOVERY, BUILD CLIMATE RESILIENCE

HUD announced the allocation of nearly \$3 billion in additional CDBG-DR funds to help communities recover from disasters occurring in 2020 and 2021. These allocations underscore HUD and the Biden-Harris Administration's commitment to equitably improving the nation's disaster recovery and building long-term, inclusive resilience to the impacts of climate change, particularly for historically marginalized communities. HUD allocated \$2.214 billion to 10 local governments and 13 state governments for 16 major disasters occurring in 2021. HUD also allocated an additional \$722.7 million to five of the previously announced 2020 CDBG-DR grantees. In the coming days and month(s), HUD will release more information on its website for 2021 grantees and will publish the rules and requirements related to this funding in the **Federal Register**. See HUD's press release [here](#).

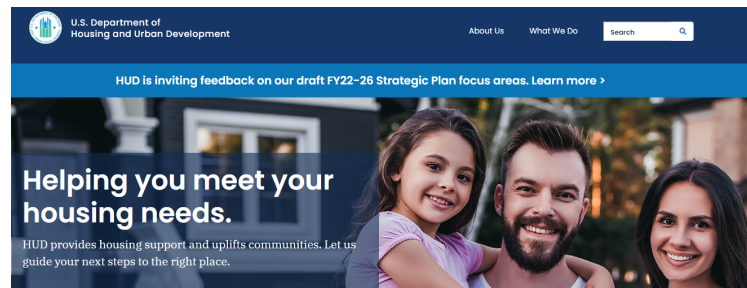
UPDATE TO HERO SYSTEM REQUIREMENTS

Last December the Department published information on the HUD Exchange regarding the December 31, 2021 deadline for all grantees to begin using HEROS. That deadline has now been extended to allow grantees additional time to gain access to the system and to view additional training. Please check the HUD Exchange for HEROS training materials and resources at [HEROS FAQ's and Training Videos website](#)

**ANNOUNCING A NEW
RESOURCE FOR CDBG-DR
GRANTEES****THE CITIZEN PARTICIPATION &
EQUITABLE ENGAGEMENT TOOLKIT**

A NEW RESOURCE TO AID COMMUNITY DEVELOPMENT BLOCK GRANT - DISASTER RECOVERY (CDBG-DR) GRANTEES IN CENTERING EQUITY IN DISASTER RECOVERY PROGRAMS, IS NOW AVAILABLE. THE PRIMARY OBJECTIVE OF THIS NEW RESOURCE IS TO PROVIDE GRANTEES WITH TOOLS AND STRATEGIES TO ASSIST RESIDENTS—ESPECIALLY LOW- AND MODERATE-INCOME (LMI) PERSONS, VULNERABLE POPULATIONS, PROTECTED CLASSES UNDER FAIR HOUSING AND CIVIL RIGHTS LAWS, AND UNDERSERVED COMMUNITIES IMPACTED BY A DISASTER—TO ACTIVELY PARTICIPATE IN THE PLANNING, IMPLEMENTATION, AND ASSESSMENT OF CDBG-DR PROGRAMS AND PROJECTS.

VIEW THE TOOLKIT [HERE](#)

**2020 CDBG-DR GRANTEE RESOURCE PAGE ON
HUD.GOV**

Current and future CDBG-DR grantees are encouraged to visit the [2020 CDBG-DR Grantee Webpage](#) to review the 2020 Allocation Announcement Notice, training webinars, fact sheets, and other grantee guidance and checklists that will provide guidance and technical assistance to help grantees successfully and compliantly meet the requirements outlined in the *Federal Register*. New resources will continue to be posted on the website as materials and trainings are developed by the DRSI Policy Unit. Please visit the website to review these resources and feel free to email us at DRSIPolicyUnit@hud.gov or contact your HUD CPD Representative for any additional questions you may have.



POLICY UNIT: FREQUENTLY ASKED QUESTIONS (FAQS)

FAQ: If an audit is required by 2 CFR part 200 (grantee meets \$750,000 Federal award expenditure threshold), must the grantee procure its auditor in accordance with procurement requirements in 2 CFR part 200?

ANSWER: The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR part 200 set forth audit requirements for CDBG-DR grantees. The regulation at 2 CFR 200.501 requires that a non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part. When an audit is required by 2 CFR 200.501, 2 CFR 200.508(a) requires the non-Federal entity to "procure or otherwise arrange" for the audit in accordance with 2 CFR 200.509. Generally, the auditor must be procured in accordance with requirements of 2 CFR 200.317 through 200.327. However, if the non-Federal entity is not authorized to procure audit services (e.g., State law may require that a State auditor perform all required audits for that State), it may otherwise arrange for audit services, consistent with its legal authorities.

2 CFR 200.509(a) provides: "Auditor procurement. In procuring audit services, the auditee must follow the procurement standards prescribed by the Procurement Standards in §§ 200.317 through 200.327 of subpart D of this part or the FAR (48 CFR part 42), as applicable. In requesting proposals for audit services, the objectives and scope of the audit must be made clear and the non-Federal entity must request a copy of the audit organization's peer review report which the auditor is required to provide under GAGAS. Factors to be considered in evaluating each proposal for audit services include the responsiveness to the request for proposal, relevant experience, availability of staff with professional qualifications and technical abilities, the results of peer and external quality control reviews, and price. Whenever possible, the auditee must make positive efforts to utilize small businesses, minority-owned firms, and women's business enterprises, in procuring audit services as stated in § 200.321, or the FAR (48 CFR part 42), as applicable."

2 CFR 200.509(a) incorporates and augments the applicable procurement requirements in 2 CFR §§ 200.317 through 200.327. To comply, when a State CDBG-DR grantee procures an auditor to conduct an audit required by 2 CFR 200.501:

- The State CDBG-DR grantee must follow the procurement requirements in 2 CFR §§ 200.317, 200.321, 200.322, and 200.323 and ensure that its contract includes any clauses required by § 200.327; and
- The State must adhere to the following as required by 2 CFR 200.509(a):
 - In requesting proposals for audit services, the objectives and scope of the audit must be made clear and the State CDBG-DR grantee must request a copy of the audit organization's peer review report which the auditor is required to provide under GAGAS; and
 - In evaluating each proposal for audit services, the State CDBG-DR grantee must consider the responsiveness to the request for proposal, relevant experience, availability of staff with professional qualifications and technical abilities, the results of peer and external quality control reviews, and price.

Additionally, when the cost of the audit will be charged to the CDBG-DR grant, the State must comply with requirements in 24 CFR 570.489(g) and applicable CDBG-DR *Federal Register* notices that do not conflict with requirements in 2 CFR 200.508 and 200.509(a). In the event of a conflict between 24 CFR 570.489(g) and 2 CFR part 200 subpart F, the State must follow the requirements of 2 CFR part 200 subpart F when procuring an auditor to conduct an audit required by 2 CFR 200.501. Regarding procurements of auditors, a state shall:

- Make subrecipient and contractor determinations in accordance with the standards in 2 CFR 200.330;
- Have policies and procedures that include standards of conduct governing employees engaged in the award or administration of contracts;
- Prohibit the cost plus a percentage of cost method of contracting unless required for audits by State law;
- Require subgrantees to comply with 2 CFR 200.508 and 570.509 in the selection of auditors when an audit of the subgrantee is required by 2 CFR 200.501; and
- Conduct an evaluation of the cost or price of the product or service if required by applicable CDBG-DR *Federal Register* notices.

DRSI REGIONAL SPOTLIGHT

CARIBBEAN REGION - PUERTO RICO

The Caribbean Regional Team is composed of 4 CPD Specialists, Manuel D. Ortiz, Jessie Huddleston, Belmari Quiles, and Michelle Méndez Castañeda. The team is led by the Coordinating Officer for Disaster Recovery Laura I. Rivera Carrión. The team works with CDBG-DR and CDBG-MIT grantees in Puerto Rico and the U.S. Virgin Islands. The Commonwealth of Puerto Rico has 78 municipalities, many acting as subrecipients of CDBG-DR/MIT funds for unmet recovery and mitigation needs resulting from Hurricanes Irma and Maria and the 2021 Earthquakes. The US. Virgin Islands is comprised of 4 islands, St. Croix, St. Thomas, St. John's, and Water Island.

CONSTRUCTING RESILIENT AFFORDABLE HOUSING

REPAIR, RECONSTRUCTION, AND RELOCATION (R3)

With an estimated unmet housing need of over \$30 billion, Puerto Rico's R3 Housing Program is designed to assist some of the islands most vulnerable populations by prioritizing the elderly and disabled population.

Puerto Rico Single Family Housing Impact Overview

The degree of damage in Puerto Rico caused by hurricanes Maria and Irma was exacerbated by the widespread destruction of informal housing structures. It has been estimated that anywhere from 45% to 55% of Puerto Rican households have either erected or maintained houses through informal construction, a self-managed method of construction completed without the use of an architect or engineer, and proper permits. This type of construction reduces the structural integrity of homes to withstand natural environmental conditions and renders them vulnerable to withstand extreme weather conditions such as hurricanes.

As a result, already cost-burdened households face exacerbated challenges to their recovery. It is estimated that there are more than 14,500 tenant households and more than 13,300 owner occupied homes that are overcrowded by one or more persons. (CDBG DR Action Plan/ Puerto Rico Builder's Association Housing Study, February 2018)

Housing Construction to Meet Post-Disaster Needs

Puerto Rico Department of Housing's (PRDOH) R3 Program (Rebuild, Reconstruct, Relocate) provides assistance to homeowners to repair damaged homes or rebuild their substantially damaged homes. Some homes may not be rebuilt in place due to legal, engineering, or environmental constraints (permitting, extraordinary site conditions, etc.), and in those cases the homeowner will be provided with relocation options. For reconstruction and relocation activities, the homeowner must agree to use the home as a primary residence. The R3 Program currently works hand in hand with the Title Clearance Program (under the CDBG-DR approved Action Plan) to assist households to achieve clear title on their homes.

For new construction and replacement of substantially damaged residential buildings, the R3 Program complies with the Green Building Standard requirement by meeting an industry recognized standard that has achieved certification under at least one of the following Programs: ENERGY STAR® (Certified Homes or Multifamily High-Rise); Enterprise Green Communities; LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development); ICC-700 National Green Building Standard; EPA Indoor Air Plus (ENERGY STAR® a prerequisite); or any other equivalent comprehensive Green Building Program acceptable to HUD. PRDOH received approval from HUD to use a local Green Building Standard called Permiso Verde. For repairs of non-substantially damaged residential structures, PRDOH will follow Green Building Standards to the extent they are applicable to the construction methods utilized on the Island and also use products and appliances with ENERGY STAR® labels, Water Sense labels, or FEMP equivalent designations.

R3 Program Outcomes

The R3 Program had an initial intake of 27,006 applicants when it first launched in July of 2019 and currently has 18,070 active applications. With an overall budget of \$2.9 billion and serving a 95% low - and moderate-income (LMI) person goal the program currently has reached 5,004 completed awards resulting in the repairs, reconstruction, and relocation of hundreds of LMI households. Since the program launch, PRDOH has continued to adjust the program to better meet disaster survivors needs. For example, the grantee has allowed for elevation of units in certain cases and provided alternative methods for documenting ownership or proprietary interest. Some of these adjustments were in response to suggestions provided by the Citizen Advisory Committee (CAC) members. While the CAC is a requirement of the CDBG-MIT program, PRDOH decided to implement it for both CDBG-MIT and CDBG-DR grants.

Building Long-Term Resilience

Resilient measures used in the construction of the homes pictured below include ENERGY STAR® certified kitchen appliances, Water Sense certified plumbing accessories, ceiling fans in all bedrooms and the living room, ENERGY STAR® certified LED lighting fixtures, and ENERGY STAR® certified solar water heaters. The design of the home also took into consideration the likely potential for future disasters, such as hurricanes, which are common in Puerto Rico, and included in the construction a rough-in for a water cistern, energy solar panels, and a stand-by power generator.



Before and after photo of a rebuilt home in the Municipality of Ceiba. This single family home is one level, has two bedrooms and one bathroom. The total cost cost of construction was \$144,830.00.



Before and after photo of a rebuilt home in the Municipality of Cabo Rojo. This single family home is one level, has three bedrooms and two bathrooms. The total cost of construction was \$170,000.00