**CHAPTER 6**

**DISASTER RECOVERY COMMUNITY DEVELOPMENT BLOCK GRANT SUPPLEMENTAL GRANTS**

6-1 APPLICABILITY. This Chapter is applicable to monitoring Community Development Block Grant (CDBG) supplemental grants made to states and local governments for Federally-declared disaster areas.

6-2 RULES AND NOTICES. The covered disaster recovery grants are from CDBG supplemental appropriations, so the basic requirements can be the same for disaster recovery grants as for the regular CDBG Entitlement and State programs. However, these Exhibits are necessary as disaster recovery activities involve activities not generally eligible in the regular programs and may include additional requirements for specific activity types. For example, housing activities under Public Law 113-2 must meet certain green building standards (see the *Federal Register* Notice published March 5, 2013 at 78 FR 14329) that are not required of housing activities under the regular CDBG programs.

Chapter 6 Exhibits are split into two main components: The “base” Exhibits (6-1 through 6-8) and the Addenda based-on disaster year or use of CDBG-MIT funds (6-10 through 6-15). The Addendums for each disaster year or grouping will hold all allocation-specific monitoring criteria, special considerations, and additional requirements imposed by statute, *Federal Register* notice, or grant agreements. Once a base Exhibit is chosen for the review based on the activity, program, or area being monitored, an Addendum is chosen based on the disaster year of the CDBG-DR grant or use of CDBG-MIT funds. The base Exhibit is completed in full, where appropriate, and the relevant section of the Addendum is also completed to ensure both common and unique program requirements are reviewed. In some cases, these Exhibits should be used with the monitoring Exhibits from the state CDBG or CDBG entitlement programs, as applicable. In addition, a limited review incorporating only some Exhibits may be conducted where appropriate.

For monitoring CDBG-MIT funds, the 6-15 Addendum is to be used as a supplement to the following Chapter 6 Exhibits: *6-1:* *Guide for Review of Overall Management*; 6-2: *Guide for Review of Flood Zone and Floodway Buyouts and Non-Buyout Acquisition*; 6-3: *Review of New Construction of Housing*; *6-4: Review of Infrastructure and Public Facilities; 6-5: Review of Economic Development;* *6-6: Review of Housing Rehabilitation and Reconstruction; and 6-8: Review of Procurement* to monitor activities carried out with CDBG-Mitigation (CDBG-MIT) funds.

It addresses only those additional monitoring criteria specific to CDBG-MIT grantees per the applicable *Federal Register* notice published on August 30, 2019 (84 FR 45838). For the purpose of monitoring a CDBG-MIT grantee, Chapter 6 Exhibits (6-1 through 6-8) references to “CDBG-DR” requirements should be interpreted as references to “CDBG-MIT”.

When HUD grants waivers or makes modifications applicable to the recipients of supplemental CDBG Disaster Recovery grants, those changes are published in a Federal Register Notice. (HUD is generally prohibited from waiving or modifying fair housing, lead-based paint, environmental, labor, or civil rights requirements.) The published Notices for disaster recovery are included in Attachment 6-1, *Disaster Recovery CDBG Supplemental Grants Document Reference Tool* and can be found on the HUD website <https://www.hudexchange.info/cdbg-dr/cdbg-dr-laws-regulations-and-federal-register-notices/>.

6-3 DISASTER RECOVERY REQUIREMENTS. Ongoing monitoring of a disaster recovery grantee includes Field Office or headquarters review of periodic reports. The grantee is required to submit Quarterly Performance Reports in the online Disaster Recovery Grant Reporting (DRGR) system no later than 30 days after the end of each calendar year quarter per the *Federal Register* notices for each CDBG disaster recovery grant.

The reporting requirements are not the only items unique to CDBG disaster recovery grants. As described in this Chapter, monitoring must include a review of the grantee’s efforts to prevent the duplication of benefits as well as a review of additional CDBG-DR specific items such as buyout activity compliance and property valuation; implementation of new housing construction activities; and citizen participation requirements.

6-4 SANCTIONS. In some instances, the Exhibits in this Chapter refer the HUD reviewer to a controlling document (i.e., grant agreements and *Federal Register* notices) and do not provide specific citations. This is because rules can vary significantly from appropriation to appropriation, causing the grant agreements and published Notices to vary accordingly, citing specific waivers, for example, provided to specific grantees. HUD reviewers, therefore, will need to ensure that program violation citations are appropriately noted, if deficiencies are identified.

6-5 CLOSE-OUTS. Unlike State or Entitlement CDBG grantees that receive annual appropriations, CDBG disaster recovery grantees receive CDBG disaster recovery funds only when Congress provides a CDBG disaster recovery supplemental appropriation in response to a Presidentially-declared disaster. Each disaster recovery supplemental appropriation is unique, and waivers and alternative requirements are often provided to grantees. As such, the criteria or close-out of these grants is notably different. Disaster recovery grant close-out is guided by CPD Notice 14-02 (issued February 11, 2014). Before initiating close-out, Field Office staff should contact the Office of Block Grant Assistance, Disaster Recovery and Special Issues Division, for assistance with the close-out process.