

Community Development Block Grant – Disaster Recovery Hurricanes Hermine and Matthew Application Cycle Frequently Asked Questions



I. APPLICATION CYCLE POLICY AND SCORING

A. What is the maximum funding amount allowed?

To date no maximum amount of funding has been established. The Florida Department of Economic Opportunity (DEO) submitted an action plan amendment request to the U.S. Department of Housing and Urban Development (HUD) to eliminate the maximum allocation per subrecipient grants administered through the Community Development Block Grant- Disaster Recovery (CDBG-DR) program for Hurricanes Hermine and Matthew. In order to qualify for funding, applicants must show that they meet the standard of cost reasonableness in the budgets for their proposals.

DEO reserves the option to approve all or a portion of an applicant's funding request at its own discretion based on the agency's analysis of need, capacity, cost reasonableness and related criteria in the application.

B. How do you use documentation to establish a connection between damages and a storm?

Begin by using existing data provided by the Federal Emergency Management Agency (FEMA) and local emergency management services. The Small Business Administration (SBA), National Flood Insurance Program (NFIP) and private/homeowner's insurance claims are also good examples of storm-related damage documentation. DEO will also consider other related reporting methods including data regarding unmet needs of storm-related damage from updated property inspections and/or damage assessments as administered by the subrecipient and/or units of local government (UGLG) such as: water marks on walls, call and complaint logs, surveys and storm-related reports by residents who experienced flooding in their homes or surrounding areas.

C. Does a subrecipient need contractual collaboration when partnering with other UGLGs in the application to receive funding?

If an applicant includes a group of UGLGs as part of their team to receive funding through DEO, then each party will be required to enter into an Interlocal Agreement that specifies the terms and conditions for each party in the implementation of the grant. This Interlocal Agreement must be compliant with CDBG-DR rules.

Please see Section 7, "Eligible Applicants" of the application guide [here](#).

D. What if a subrecipient focuses primarily on infrastructure instead of housing?

Based on the HUD/CDBG-DR funding notice and the priorities articulated in the application by DEO, this round of applications emphasizes housing improvements and the scoring criteria reflects that. However, applications for infrastructure improvements that are tied to storm damage and show a clear benefit to

low- and moderate- income areas and/or households will be considered for funding within the context of the application scoring criteria.

E. Will the replacement of unsafe and substandard housing for low-income individuals or families be considered a vulnerable population activity?

Yes, points for such programs may be awarded as serving a vulnerable population, so long as they meet all other threshold criteria and identify how the program will determine and prioritize serving low-income individuals, the elderly or families at risk of becoming homeless, per the definition of vulnerable populations. Simply providing assistance to homes that are unsafe or substandard does not specifically qualify as serving vulnerable populations.

F. What is the definition of matching funds?

Matching funds for the application consists of funds other than traditional benefits, such as owner's insurance, FEMA assistance and/or SBA loans, that are intended to help property owners address unmet repair needs from storm damage. Examples of eligible matching funds include:

- Foundation or philanthropic grants
- State and local government grants
- Tax abatements and fee waivers
- Cost reduction strategies that help facilitate bringing property up to code compliance
- Cash from property owners

G. Does leveraging funds affect the amount of points subrecipients receive?

No, there are no requirements for leveraging CDBG-DR funds with other sources of funding. However, if an applicant can leverage CDBG-DR funds with other additional sources of funding and/or a policy to reduce costs such as fee waivers, DEO will consider this as readiness to proceed.

H. What is the maximum time allowance for spending funds?

Grants should be implemented within two years from the execution of the subrecipient agreement.

II. DUPLICATION OF BENEFITS

A. How will the duplication of benefits (DOB), verification of benefits (VOB) and related applicant data be verified and managed?

DEO will administer DOB/VOB as a service to subrecipients, after subrecipients conduct their own DOB/VOB reviews of documentation.

For planning and budgeting purposes, applicants must assemble and submit sufficient DOB/VOB documentation to CDBG-DR so DEO can complete accurate DOB/VOB reviews.

III. AFFORDABILITY PERIOD REQUIREMENTS

A. What are the affordability requirements for the replacement of owner-occupied manufactured homes?

CDBG-DR does not require affordability requirements for existing owner-occupied repair, reconstruction or replacement programs. DEO has chosen to follow the Home Investment Partnerships (HOME) program affordability terms for projects seeking to develop additional low- and moderate-income rental projects with \$1 million or more in CDBG-DR assistance. See section VII., letter C. of this document for a chart with affordability period requirements.

B. Are UGLGs allowed to use the recapture (forgiveness) option to enforce the affordability period?

Yes, a method for recapture tied to the affordability requirements should be identified. Recording a recapture provision on the project is one common method.

Please note that projects with required affordability periods must also include a plan for ongoing monitoring and enforcement of affordability during the affordability period regardless of a recorded recapture clause on the land.

C. Are UGLGs allowed to reduce the amount of funds subject to recapture (forgiveness) during the affordability period as permitted by the HOME rule, thus recapturing only a portion of the CDBG-DR funds invested?

Yes, UGLGs may use a forgivable loan method to help enforce affordability while allowing the project to build equity over time. However, DEO reserves the right to review and further revise or require restrictions or limits as project-specific details are presented. Please detail your preferred method in your proposal.

IV. BUYOUTS

A. What should the relocation incentive value be if a UGLG used CDBG-DR funds to acquire a home?

There is no specific limit on the amount of the incentive value other than what surrounding market conditions supported by data might indicate as “necessary and reasonable”. Incentives can also include restrictions such as only being available if the seller relocates within the current county. Such restrictions may require an analysis of the values of available housing stock and standard local acquisition fees to determine what might be a reasonable incentive amount.

There are many ways to assess and develop a buyout incentive. Please review some of the examples and guidance offered in the HUD Buyout Guidelines [here](#).

B. Can a homeowner earning above 80 percent area median income (AMI) participate in a buyout program? If so, how?

Yes, buyout of a non-low-and moderate-income (LMI) property is eligible for CDBG-DR funding. A non-LMI household acquisition would qualify under the “urgent need” national objective rather than the benefit to low-moderate income individuals for buyouts (LMB) national objective. It may be helpful to reach out to DEO for consideration when buyouts anticipate an urgent need objective and are also within an LMI census tract or community.

C. What are the re-use requirements of properties acquired through buyout and acquisition for redevelopment?

A buyout is when grantees use CDBG-DR funds to acquire a storm-damaged property and/or property at risk of repetitive damage. Grantees then provide fair market value to the property owner and relocation assistance, if needed, in compliance with the Uniform Relocation Act. Once the property is acquired it is decommissioned for active use (for purposes such as housing or commercial space) and converted to passive use (for purposes such as buffer wetlands, open green space and/or related non-intensive uses) as the property is located in an area at-risk for future storm-related impacts. All buyouts with CDBG-DR funds must be voluntary.

Acquisition for redevelopment reflects the same acquisition process as listed above. However, national objectives are not satisfied until the grantee redevelops the property for active re-use that meets the standard for CDBG-DR eligible activities such as new construction or rehabilitation of storm-resilient housing.

Please see HUD guidance on the [definition of buyouts and acquisition for redevelopment](#).

V. DEMOLITION

A. What are the conditions when demolition or clearance are an eligible activity?

Demolition and/or clearance is an eligible activity that can be paid for with CDBG-DR funds to meet the urgent need objective. In situations when the grantee must demolish a structure due to health and safety hazards and when the owner of the property does not have a redevelopment plan.

VI. HOME RECONSTRUCTION OR ELEVATION

A. How can subrecipients correlate funds for reconstruction and elevation of a home with infrastructure activities?

Costs related to making a single-family home and/or a multi-family rental property and the land parcel on which it sits more resilient to storms can be paid through the housing repair, elevation or new construction budget, specific to the property parcel.

An example of eligible costs for improved storm resiliency could be to enhance drainage through the creation of permeable pavers on a driveway and swales to stop the spread of water and absorb water before it enters street drainage systems.

Infrastructure improvements to make a street and/or an area more storm resilient must be paid for through an infrastructure improvement budget, not housing budget.

VII. MANUFACTURED HOMES

A. Are mobile homes and manufactured homes eligible for CDBG-DR funding?

Both types of homes are eligible for CDBG-DR funded repairs and rehabilitation, if cost reasonable. The term 'mobile home' refers to unregulated construction pre-1976. The term 'manufactured home' refers to a housing unit that is constructed post-1976, and follows specific rules for design, durability and

safety. A motor home (recreational vehicle or “RV”) with a motor or engine is not eligible for CDBG-DR funding.

Please note that for all manufactured home repair or replacement programs, HUD provides standards and detailed guidance that must be followed. Manufactured (mobile) homes built prior to June 15, 1976, and seeking repair will likely require replacement to meet HUD code standards. This creates another standard that subrecipients need to consider when inspecting damage and making a determination on repair vs. replacement. Please see additional guidance on the [HUD website](#).

B. Are modular homes eligible for CDBG-DR funding for rehabilitation, repair or replacement?

Yes, modular homes are eligible for CDBG-DR funding for rehabilitation, repair or replacement. Definitions clearly outlining the difference between “manufactured” vs. “modular” housing can be found on the HUD Exchange website in the “Homeowner Rehabilitation Program Implementation Toolkit #2.”

If a CDBG-DR subrecipient develops a modular housing program, they should consider the following:

1. Modular housing programs do not have to adhere to the HUD rehabilitation green building checklist, but must follow program adherence for utilizing green building standards.
2. Modular housing programs usually require a 50 percent deposit to begin at factory. Subrecipients will need to specify payment terms and conditions with DEO as part of the negotiation process within the subrecipient agreement to accommodate the timing of payment.
3. Modular construction must comply with all environmental review requirements for reconstruction and new construction replacement housing projects.

Please refer to the HUD Exchange: [Disaster Recovery Homeowner Rehab Program Design Toolkit](#).

C. What are the requirements for DEO’s required housing affordability periods regarding manufactured homes?

Section IX.A.2 of the application guide only refers to affordable rental **projects** seeking over \$1 million. However, a rental repair **program** should also be considered as one project. This section addresses affordability terms for all projects or programs seeking more than \$1 million in CDBG-DR assistance for rental unit repair, reconstruction, new construction or replacement assistance.

For projects or programs seeking less than \$1million, the minimum affordability terms for CDBG-DR assistance to rental units is a one-year requirement, subject to DEO and UGLG negotiated program policies. Any UGLGs requiring projects or programs with longer affordability periods will need to be supported.

All affordable rental projects seeking over \$1 million and serving low- and moderate-income residents must remain affordable to meet the compliance terms listed in the chart.

Rental Housing Activity	Minimum period of affordability in years
Rehabilitation or acquisition of existing housing per-unit amount of CDBG-DR funds: Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000 or rehabilitation involving refinancing	15
New construction or acquisition of newly constructed housing	20

DEO follows HOME program affordability terms for low- and moderate-income rental properties and for sale housing.

D. Is the replacement of manufactured homes considered reconstruction or new construction?

The replacement of manufactured housing is considered reconstruction. Please see the HUD Exchange website [definition of reconstruction](#) for additional guidance.

E. Are rented lots classified as homeownership or affordable rental housing?

Under CDBG and CDBG-DR if the manufactured home is owned by the resident and located on a leased lot, it can be considered homeownership. DEO may classify homeownership on a case-by-case basis dependent upon multiple factors including, but not limited to intent of the program, situations of manufactured home site, lease terms, etc.

VIII. MULTI-FAMILY RENTAL HOUSING

A. Are new multi-family housing units allowed?

Yes, if the new construction of multi-family rental housing addresses an unmet need tied to the storm and serves at least 70 percent low- and moderate-income households.

IX. STORM RESILIENCE IMPROVEMENTS

A. Can CDBG-DR fund storm-resilience improvements to a property that is at risk of storm damage, but did not experience storm damage directly related to Hurricanes Hermine and/or Matthew?

No, CDBG-DR funding can only be used for resilience improvements when the property experienced storm damage directly related to Hurricanes Hermine and/or Matthew.