



White Paper

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## CDBG Mitigation Funding - Criticality of Planning and Coordination

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Government officials anticipating HUD's Community Development Block Grant Mitigation (CDBG-MIT) funding should take the time to prepare and coordinate efforts among the complex landscape of stakeholders—here's how to get started.

Given the availability of substantial funding for disaster mitigation and resilience activities from Congress through the Department of Housing and Urban Development (HUD) Community Development Block Grant Mitigation (CDBG-MIT)—and the relative flexibility of the regulations, associated waivers, and alternative requirements for that funding source—now is an ideal time to expand your efforts around the:

- **Coordination and enhancement of existing mitigation and resilience plans and/or data sets** at various levels of governance to provide critical decision-making tools for residents, business owners, and/or public officials when making land use and other policy decisions;
- **Implementation of policy changes** that will help reduce risks from future disasters and comprehensively maximize resilience approaches related to local environmental, human, and economic needs;
- **Increase in governance efficiencies**, making the most of existing and future resources and mitigating against unintended consequences by institutionalizing cross-sector, cross-jurisdictional, and cross-agency collaboration; and
- **Implementation of long-needed public infrastructure projects** that will reduce risks to life, property, and critical environments from the devastating impacts of future disaster events.

CDBG-MIT presents new opportunities related to implementing long-term mitigation and resilience practices, policies, and projects. But to maximize the impact of these precious and limited resources, you will need to create a plan and coordinate efforts—taking inventory of what is already underway and expanding, building off, and pulling from existing efforts rather than starting from scratch. This includes drawing on past and existing successes and learning from what has not worked in previous efforts.

This paper provides an overview of how planning and coordination can help you take full advantage of the forthcoming CDBG-MIT allocations, as well as enhance the impacts of other mitigation, resilience, development, and conservation efforts beyond the life of the CDBG-MIT grant.

## Background and Context

According to the National Oceanic and Atmospheric Administration (NOAA), 2017 was the most expensive year on record for disasters in the United States. The wildfires on the west coast and Hurricanes Harvey, Irma, and Maria caused over \$300 billion in damages. According to NOAA, “The total cost over the last 5 years (2014-2018) is approximately \$500 billion – averaging \$100 billion / year.”

The last three years have also experienced a record number of billion-dollar storm events:

- 2016: 15 separate billion-dollar storm events
- 2017: 16 separate billion-dollar storm events
- 2018: 14 separate billion-dollar storm events

The increase in events has also marked historic and unprecedented levels of federal dollar investment in disaster response and recovery. For example, in 2017 alone, through the Disaster Relief Fund, various appropriations, and forgiveness of National Flood Insurance Program debt, the federal government [spent over \\$130 billion](#) on disaster response and recovery.

As a result of the United States’ history with extreme and costly weather events, FEMA and Congress have learned the importance of investing in efforts that reduce future disaster losses—and the federal financial liability associated with these losses—and have accordingly increased funding available for mitigation and resilience efforts.

Along with the increase in funding, FEMA and Congress are providing funding that gives state and local governments the authority to undertake contextually-appropriate mitigation and resilience efforts, as both FEMA’s Hazard Mitigation Grant Program and HUD’s CDBG Mitigation funds provide a certain level of state or local deference in identifying, prioritizing, and implementing critical mitigation or resilience policies and projects.



States and local governments have a unique understanding of their people, land, ecological systems, environmental impacts from changing climates, economies, and socio-economic conditions—and are therefore best suited to identify long-term, risk-reducing solutions that will meet current challenges, as well as ones that consider and aim to address emerging future risks.

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Given the availability of additional funding and authority awarded to state and local governments, **it is time to transform our thinking about how we do this important work at the state and local level.**

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## The Path to CDBG-MIT Funding

Congress has appropriated disaster recovery funding using the Community Development Block Grant Disaster Recovery (CDBG-DR) program since 1992, and in 2006 HUD established a Disaster Recovery and Special Issues Division (DRSI) to cover the increasing number of Congressional disaster recovery appropriations. While a relatively new agency, as of June 2018, the DRSI is responsible for overseeing \$70.7 billion in active CDBG-DR grants to 59 grantees across the country and in multiple US territories. This figure will increase with the congressional appropriation for the 2018 storms. Historically with this funding source, states, local governments, and territories have been able to design infrastructure, housing, economic development, planning, and public services programs that are best suited to their recovery needs.

Following Superstorm Sandy, HUD released a competitive Notice of Funding Availability (NOFA) for the **National Disaster Resilience Competition (NDRC)**. The Competition awarded almost \$1 billion in funding for disaster recovery and long-term community resilience through a two-phase competition process. All states and units of general local governments with major disasters declared in 2011, 2012, and 2013 were eligible to apply. In the end, 13 cities, counties, and states were awarded funding under the NDRC. The NDRC and the projects awarded from that Competition highlight the benefits and critical nature of incorporating resilience practices into the recovery process, across a wide spectrum of projects and activity.

With the [Bipartisan Budget Act of 2018](#), Congress appropriated CDBG funding for the first time that was specifically “for mitigation activities to all grantees of funding provided” under certain 2015-2017 eligible presidentially-declared disasters. Congress did not provide specifics on those mitigation activities within the Act, and at the time of publication, **the grantees continue to await guidance from HUD on the limitations, requirements, and opportunities associated with the CDBG-MIT appropriation.**



Direct grantees include state and local governments, as listed below:

Disaster Year	Grantee	Mitigation
2017	California	\$88,219,000
2017	Florida	\$549,684,000
2017	Georgia	\$26,961,000
2017	Missouri	\$41,592,000
2017	Puerto Rico	\$8,285,284,000
2017	Texas	\$4,074,456,000
2017	Virgin Islands	\$774,188,000
	<b>Subtotal 2017</b>	<b>\$13,840,384,000</b>
<b>2015-2016</b>		
2015	Columbia SC	\$18,585,000
2015	Houston, TX	\$61,884,000
2015	Lexington County, SC	\$15,185,000
2015	Richland County, SC	\$21,864,000
2015	San Marcos, TX	\$24,012,000
2015	Texas	\$52,985,000
2015	South Carolina	\$90,026,000
2016	Louisiana	\$1,213,917,000
2016	North Carolina	\$168,067,000
2016	West Virginia	\$106,494,000
2016	Texas	\$169,748,000
2016	South Carolina	\$67,564,000
2016	Florida	\$83,801,000
	<b>Subtotal 2015/2016</b>	<b>\$2,094,132,000</b>
<b>TOTAL 2015-2017</b>		<b>\$15,934,516,000</b>





## Preparing for CDBG-MIT

While at the time of publication, the Federal Register Notice detailing the rules for how the CDBG-MIT funding must be spent has not been published, there are a few key areas of planning and coordination that may be useful to consider as you start to prepare for the funding.

1. **LMI Expenditure Requirements:** While the percentage of funding that must be spent on benefitting low or moderate income households will be published by HUD in the FRN, it is likely that HUD will require a majority (50-70%) of all CDBG-MIT funding to be spent on activities that benefit LMI households. Given this requirement and opportunity, you will need to consider how all CDBG-MIT policies, plans, and projects may or may not be beneficial to low- and moderate-income and other vulnerable populations when coming up with the method of distribution, eligibility criteria, and selection processes;
2. **Most Impacted and Distressed Expenditure Requirements:** HUD may require you to comply with geographic expenditure requirements in the most impacted and distressed areas (MIDs), potentially in line with or more restrictive than the MID expenditure requirements in the CDBG-DR appropriations that qualified you for eligibility of CDBG-MIT assistance in the first place.
3. **Method of Distribution:** If you are a HUD grantee—meaning you are going to be receiving the funds and entering into a grant agreement directly with HUD—how will you distribute the funds? For example:
  - Will you administer the funding directly?
  - Will you allocate funding to different regions, counties, and/or municipalities on a competitive basis?
  - Will you allocate funding to different counties or municipalities based on a cost benefit analysis of a project, and if so, what are the factors that should be included in that cost benefit analysis to ensure vulnerable populations are considered?
  - Will you allocate funding to different counties or municipalities based on an objective formula of risk assessment, their damages, and/or unmet need?
  - Will you require any actions from the local governments in exchange for the assistance, such as a local risk assessment, policy changes, regional coordination and collaboration, etc.?
  - If permitted by the Federal Register Notice, will you allow the use of CDBG-MIT as the non-federal cost share for certain FEMA mitigation programs or to help leverage other state or federal mitigation programs? If yes, how will you coordinate CDBG-MIT with the state or local agencies responsible for administering those other programs to ensure maximum benefits are achieved and there is no duplication of effort or benefit?

- How will you ensure you meet all applicable geographic and/or LMI expenditure requirements?
- 4. Planning Expenditure Limitations and Opportunities:** Traditionally under CDBG-DR, HUD has limited planning and administration expenditures to up to 20% of an awarded grant, with up to 5% of the grant for administration costs, thereby leaving 15% of the total grant for planning costs. While historically most grantees have not used 15% of their CDBG-DR award for planning activities, the benefits of comprehensive planning in the context of mitigation and resilience efforts may factor into how you develop your approach and budget for the CDBG-MIT allocations. Having the flexibility to spend federal funds on extensive planning efforts may help you ensure the effects and decisions around the CDBG-MIT funds are sustainable, evolved, and last well beyond the life of the grant.
- Note: Funds spent on planning and administration activities are not factored into the denominator or the numerator when calculating the grant's overall percentage of LMI expenditures.*
- 5. Identify and Assess Your Risks:** States, local governments, municipalities, and communities face disaster-related risks that have likely already been identified and assessed in multiple risk assessments, hazard portfolios, hazard mitigation strategies, disaster resilience plans, and other similar compilations. A diverse collection of community members, governmental organizations, non-governmental organizations, developers, planning and data professionals, and other stakeholders have been spending years—if not decades—collecting and analyzing the impacts from different storm events and other points of data to understand the risks in different localities and at various scales. You can start by working with various partners to collect and aggregate this data and information in a way that will help you:
- Reduce costs and improve efficiencies by not re-creating or re-procuring information or analysis already available;
  - Identify the need for updated information and/or gaps in existing plans or assessments;
  - Make informed programmatic and policy decisions with the CDBG-MIT allocation; and
  - Leverage existing mitigation or resilience efforts.
- 6. Identify Your Goals with the CDBG-MIT funding:** As with any endeavor, you should set the fundamental, high-level goals for your anticipated CDBG-MIT assistance. The goals should be rooted in the identified risks and an understanding of different levels of risk. Some goals to consider include, but are by no means limited to:

- **Be the catalyst for systemic and sustainable change.**

Examples of efforts that help achieve this goal may include:

- Implementing statewide policies that reduce risks on a more permanent basis, such as amending the statewide building code to include higher elevation standards for all structures built in the Special Flood Hazard Area or prohibiting the use of fill to elevate structures in the SFHA;
- Making tools, data sets, model policies, and practices more user-friendly and available to state or local governmental agencies with permitting authority—and extending these tools to developers, residents, and businesses to help them make more informed decisions on proposed projects; and/or
- Providing statewide technical assistance and training to state legislators, local governments' elected officials, and government staff so they understand some of the critical risks and opportunities in their respective communities.

- **Be the catalyst for increasing efficiencies, cooperation, and coordination across levels of governance and jurisdictions, nationally and within the state.** Examples of efforts that help achieve this goal may include:

- In exchange for receiving CDBG-MIT assistance, require local governments to work together on a regional basis to identify projects with cross-sectoral and inter-jurisdictional benefits;
- Investing further in the relationship and coordination with the state agency administering the FEMA Hazard Mitigation Grant Program and other mitigation programs, and fostering the relationship between the grantee, FEMA, and HUD to maximize the benefits of the HMGP and CDBG-MIT allocations.

*Note: At the time of publication, the FRN outlining whether CDBG-MIT can be used as a cost-share for HMGP has not been published;*

- Further investing in data sharing and in project or policy coordination and collaboration with different federal or state agencies and their programs, such as: United States Corps of Engineers (USACE); USDA Natural Resources Conservation Service; US Geological Survey (USGS); National Oceanic and Atmospheric Administration; state wildlife and fisheries; agriculture; transportation; pollution control; housing; public facilities; and other state agencies involved in land use and environmental management.

- **Be the catalyst for maximizing the impacts of planned projects.**

Take a broader view. Rather than working on one project and one goal at a time, look for ways to accomplish multiple objectives with each project you take on. In some cases, this will require a re-imagining of



relationships within the state or across the federal agencies—but the benefits are often worth the effort it takes to create systemic changes and leverage limited resources. Examples of efforts which maximize the impacts of planned projects include:

- Working with residents living in a high-risk neighborhood to understand their relocation needs and potentially offering them a buyout solution that allows them to move to lower risk areas and permanently converting the acquired land into a neighborhood recreational park that also serves as a water detention area that serves and protects the surrounding community in high rain events;
- In addition to building at higher elevation standards, incorporate green infrastructure practices and/or natural stormwater solutions into repairs or reconstruction of damaged public buildings or multi-family housing both within and outside the special flood hazard area, thereby achieving a stronger, more sustainable and resilient project, while also reducing the risk of similar flooding in the same place in the future.

## 7. Identify Your Existing and Potential Key Partners and

**Administrators:** While the agency tasked with administering the Disaster Recovery CDBG funds possesses critical institutional knowledge and experience, you have an opportunity to further leverage the CDBG-DR experience of planners, local governments, additional state agencies, non-profit organizations, economic development organizations, public and affordable housing policy experts, private developers, environmental quality experts, and other stakeholders when developing your plan for undertaking large-scale mitigation and resilience activities. Engaging a wide range of stakeholders is critical, as policies and projects that are targeted toward mitigation and that impact any land-use decisions could have a wide range of intended and unintended consequences on the economy, housing values, availability of affordable housing, the environment, and access to critical services. It is unlikely any resilience efforts will be sustainable if residents, business owners, and local officials are not brought into the planning process and given a stake in identifying and driving outcomes. Some benefits of identifying and working closely with a variety of partners and administrators include:

- **Learning from past and ongoing efforts and reducing or eliminating duplicative and/or conflicting efforts.** For every action, there is a reaction. While the agency may be well-intended in their programming and planning for the CDBG-MIT, there is likely another agency or organization that has worked in this field and has experiences, best practices, and lessons learned from their endeavors. Being able to leverage others' work and bring them along as partners or stakeholders has the potential to move all forward more efficiently and with greater impacts;



- **Maximizing precious resources.** While the level of mitigation assistance from the federal government is unprecedented, it is still not enough to address and remove all the impacts from the various natural hazards that have been occurring with greater frequency and intensity. Leveraging existing efforts and resources will enhance the scope and impacts of the CDBG-MIT assistance, and will also help minimize any detrimental and counter-productive effects that may arise if these types of efforts are carried out in siloes;
  - **Getting prepared for the future.** As storms become more frequent and intense, we are entering a paradigm shift in how we live in and interact with our built and natural environments under quickly changing circumstances. For this reason, it is critically important that we continue to build and foster collaborative relationships to address the very large and expensive challenges that lie ahead.
- 8. Collaboratively develop program parameters to ensure funding is spent on effective projects and efforts:** Given the goals of the CDBG-MIT assistance and the extent of the need and pressure for implementing projects and solutions that mitigate against future risks, you need to consider how the majority of the funding will be spent on project costs that yield tangible results. By working collaboratively, taking the time to plan, fully assessing and understanding the risks, listening to different stakeholders' needs, and building off lessons learned and best practices, you will be better positioned to design effective mitigation programs. Using these approaches will help inform strong and defensible program policies, eligibility requirements, and application processes—so your state or local government can start implementing smart and effective infrastructure, buyout, and other mitigation projects as soon as possible.

## This is a lot of work!

There is no doubt that the work ahead can feel daunting. This level of collaboration, planning, and program development is no small task and takes time. You will face discouraging roadblocks, unanticipated pitfalls, and seemingly insurmountable pressure to maintain the status quo. Given the frequency and intensity of disaster risks, coupled with the unprecedented level of public assistance being made to state and local governments, it is critical to invest in transformative planning and coordination practices that directly address proactive ways to mitigate from current and future risks. Indeed, the cycle of disaster, respond, rebuild, recover is not sustainable from a financial, environmental, or social perspective for anyone.

By devoting the time on the front-end to thoughtful and comprehensive planning—and by pulling together cross-sectoral and cross-jurisdictional resources—you will not only be better prepared to implement meaningful projects and policies using CDBG-MIT assistance, but more importantly, you will help develop and institutionalize more sustainable policies and practices, reduce risks, and decrease the chances of needing to invest in the socially, emotionally, environmentally, and economically expensive recovery cycle over and over again.

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