CDBG-DR Program Overview

Recovery and Resilience after the Helene Disaster

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July 8, 2025









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Agenda

1. CDBG-DR Program Overview

Purpose and goals

2. Eligible Projects

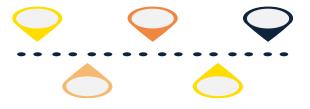
- Housing
- Infrastructure
- · Economic revitalization

3. Sample Projects

- Real-world examples tied to the Helene Disaster
- LMI benefit and disaster tie-back illustrated

4. Key Considerations & Next Steps

- Environmental reviews
- Procurement
- Technical Assistance

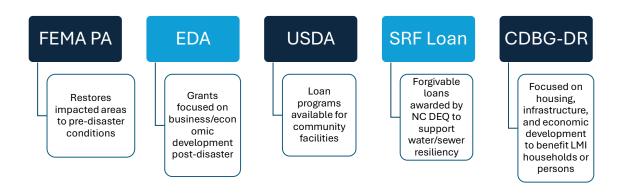


Future Training Sessions

• August: Project Application Process

• **September**: Compliance Requirements

Disaster Recovery Funding



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Community Development Block Grant - Disaster Recovery (CDBG-DR)

- Flexible federal grant funding to help communities recover from presidentially declared disasters—funding addresses unmet needs and promotes long-term resiliency
- The CDBG block grant regulations (24 CFR Part 570) apply to CDBG-DR. However, HUD may waive, modify, or add requirements for the specific disaster
- Eligible projects focus on housing, infrastructure, economic revitalization and mitigation
- CDBG-DR projects must generally benefit low- and moderate-income (LMI) persons, which include:
 - Households with incomes ≤ 80% Area Median Income (AMI)
 - Projects serving areas where ≥ 51% of residents are LMI



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CDBG-DR Program for Hurricane Helene Recovery

Public Law 118-158

• Congress authorized \$12 B in CDBG-DR funds to aid in recovery efforts for federally declared disasters in 2023-2024

Universal Notice (90 FR 1754) – January 8, 2025

 Includes waivers and alternative requirements, regulatory requirements, award process, and eligible disaster recovery activities

Federal Register AAN (90 FR 4759) – January 16, 2025

- Appropriated the funding
- North Carolina: Total \$1.4B
 - \$1,241,843,000 (unmet recovery needs); \$86,277,000 (mitigation)
- Asheville: \$225M

"Revised Universal Notice" – March 19, 2025

 Memo 2025-02 updates the original Universal Notice to align with new executive orders

Grantee Responsibilities & Grant Life-Cycle

North Carolina - \$1.428 billion

- 1,241,843,000 (unmet recovery needs)
- 186,277,000 (mitigation)

Grantee: NC Department of Commerce



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Funding Priorities

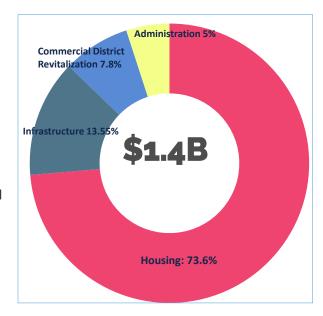
Housing Recovery: \$1B

- Reconstruction/Rehabilitation for Owner-Occupied Units (\$807M)
- Workforce Housing (\$53M)
- Multifamily Rental Housing (\$191M)

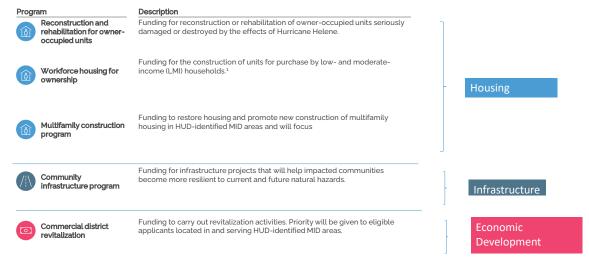
• Infrastructure: \$193M

Commercial District Revitalization: \$111M

Administration: \$71M



CDBG-DR Program Overview



1 Low- and moderate-income households as defined by HUD Source: NC Draft HUD Action Plan

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Most Impacted & Distressed Areas ("MID" Areas)

80% of the CDBG-DR funds must be spent in HUD-identified MID areas

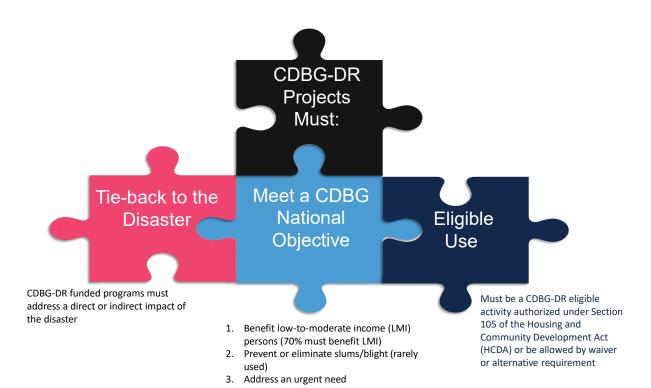
80% of _ allocation **HUD-identified MID areas**: Ashe, Avery, Buncombe, Burke, Haywood, Henderson, McDowell, Mitchell, Rutherford, Transylvania, Watauga, Yancey, Caldwell*, Cleveland*, Madison*, Polk*

HUD-identified partial MID areas: Mecklenburg (28214)

State-identified MID areas: Alexandar, Alleghany, Cabarrus, Catawba, Clay, Gaston, Jackson, Lincoln, Macon, Surry, Swain, Wilkes, Yadkin

HUD-identified MID Areas - red HUD-identified partial MID area - yellow State-identified MID Areas - blue

*NCDOC expanded the HUD-Identified MID areas to include all of Caldwell, Cleveland, Madison, and Polk, and the entirety of these counties are considered HUD-identified MID areas.



Tie-Back to the Disaster



NCDOR will determine specific tie-back requirements for each program.



He-Back to the Disaster

Examples of Direct Impacts

Physical damage to housing

Physical damage to infrastructure

Documenting Connection to Disaster

Sufficient documentation of physical loss or damage includes:

- · damage or rebuilding estimates,
- insurance loss reports,
- · images, or
- similar information that documents damage.

Examples of Indirect Impacts

Housing

- Loss of affordable housing stock
- Increased homelessness because of displacement due to the disaster

Infrastructure

- Strained utilities and public infrastructure
- · Deterioration of roads and bridges

Commercial District Revitalization

- · Job loss due to decreased demand post-disaster
- · Business closures due to loss of customers

Documenting Connection to Helene

Housing: post-disaster housing analysis that describes the activities necessary to address the post-disaster housing needs

Infrastructure: documentation substantiating increased usage, deterioration, or inadequate capacity

Commercial District Revitalization: data about job loss or businesses closing or data on how pre-disaster economic stressors were aggravated by the disaster

CDBG National Objectives

- 1. Benefit to Low-and Moderate-Income (LMI) Persons
 - 70% of CDBG-DR funds must be spent on this objective
- 2. **Prevention or Elimination of Slums or Blight** Activities aimed at revitalizing areas or buildings with clear physical deterioration. (*Rarely used for CDBG-DR)
- 3. **Urgent Need** Activities that alleviate conditions created by and related to the declared disaster that do not fall under the LMI objective.
- The existing conditions must pose a serious and immediate threat to the health or welfare of the community;
- The existing conditions are of recent origin or recently became urgent (generally, within the past 18 months); and
- The grantee is unable to finance the activity on its own or through other sources of funding.

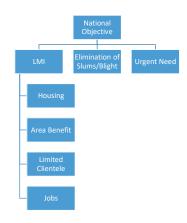


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Meeting the LMI National Objective

- Housing: Activities undertaken for the purpose of providing or improving permanent residential structures to be occupied by LMI households.
- Area Benefit: An area benefit activity is one that benefits all residents in a particular area, where at least 51 percent of the residents are LMI persons.
 - Acquisition of land to be used as a neighborhood park
 - Construction of a health clinic or community center
 - · Improvements to public infrastructure like the installation of sidewalks
- Limited Clientele: 51% of the beneficiaries must be LMI persons. To determine if an
 activity benefits LMI persons, the activity must meet one of the following
 requirements:
 - Benefit populations presumed LMI (elderly, severely disabled, homeless, abused children, victims of domestic violence, migrant farm workers)
 - · Meet income eligibility requirements
 - Be of such a nature and in such location that it can be concluded clients are primarily LMI (e.g., daycare center designated to serve residents of a public housing complex)
- Jobs: Activities related to the creation and/or retention of jobs for LMI persons

• At least 51 percent of the jobs will be held by or made available to LMI persons



HUD Overview of National Objectives

How can we determine LMI Income based on location?

HUUSER

FY 2025 INCOME LIMITS DOCUMENTATION SYSTEM

HUD.gov HUD User Home Data Sets Fair Market Rents Section 8 Income Limits MTSP Income Limits HUD LIHTC Database

FY 2025 Income Limits Summary

FY 2025 Income Limit	Median Family Income	FY 2025 Income Limit Category	Persons in Family							
Area	Click for More Detail		1	2	3	4	5	6	7	8
Asheville, NC MSA	\$93,100	Very Low (50%) Income Limits (\$) Click for More Detail	32,600	37,250	41,900	46,550	50,300	54,000	57,750	61,450
		Extremely Low Income Limits (\$)* Click for More Detail	19,600	22,400	26,650	32,150	37,650	43,150	48,650	54,150
		Low (80%) Income Limits (\$) Click for More Detail	52,150	59,600	67,050	74,500	80,500	86,450	92,400	98,350

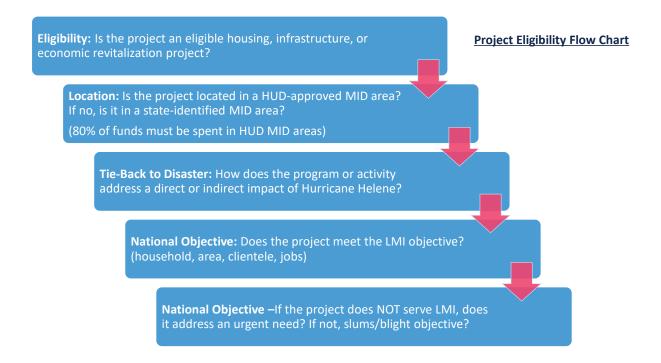
NOTE: Buncombe County is part of the Asheville, NC MSA, so all information presented here applies to all of the Asheville, NC MSA.

The Asheville, NC MSA contains the following areas: Buncombe County, NC; Henderson County, NC; and Madison County, NC.

Google Search: Office of Policy Development and Research – Income Limits

Income thresholds are based on Section 8 Income Limits

https://www.huduser.gov/portal/datasets/il.html



CDBG-DR Mitigation Funds

Meet the definition of a mitigation activity

Address current and future risks as identified in the mitigation needs assessment

MITIGATION ACTIVITIES ARE THOSE THAT INCREASE RESILIENCE TO FUTURE DISASTERS AND REDUCE OR ELIMINATE THE LONG-TERM RISK OF LOSS OF LIFE, INJURY, DAMAGE TO AND LOSS OF PROPERTY, AND SUFFERING AND HARDSHIP.

*No requirement that mitigation funds be tied back to the disaster

Meet a national objective

Be an eligible activity or

allowed via

waiver or

alternative

requirement

Examples of Mitigation Activities

- Elevating homes or buildings in flood-prone areas
- Rebuilding or repairing homes using resilient materials that withstand high winds, flooding, or fire
- Relocating public infrastructure (e.g., wastewater treatment plants, pump stations) out of floodplain
- Improving bridges and roads to withstand higher flood levels
- Supporting broadband and communication systems to improve disaster response capacity

Housing Programs

- In general, CDBG-DR eligible housing activities include:
 - New construction
 - Reconstruction/rehabilitation
 - Homeownership assistance
 - Buyouts
 - Rental assistance



Must incorporate mitigation measures when carrying out activities to construct, reconstruct, or rehabilitate residential or non-residential buildings



Must meet at least one Green Resilient Building Standard and one minimum energy efficiency standard for all new construction, reconstruction and rehabilitation activities for substantially damaged residential buildings.

#1. Housing: Residential Reconstruction and Rehabilitation

Grants for reconstruction or rehabilitation of owner-occupied units seriously damaged or destroyed by Helene.

Total Funding: \$807 Million (\$677M CDBG-DR +\$130M Mitigation



Local governments NOT eligible to apply

Eligible Applicants Individual homeowners that owned property at the time of Helene

Four phase application process

Phase 1 - MID areas & ≤ 60% AMI

Phase 2 - MID areas 60-80% AMI

Phase 3 - Reimbursement below 80% AMI

Phase 4 - 80-120%

Assistance Grant of up to \$375,000

Homeowners required to maintain ownership/residency for 3 years **Program Guidelines**

Prohibited Uses Forced mortgage payoffs; compensation payments; temporary housing assistant

benefits, including mortgage and rental assistance; reconstruction of housing in a

floodway.

Prioritization:

Application priority is assigned based on income (below 60%, 60-80%, and under 120% of area median income) and at least one of the following:

Households with seniors age 62 and older.

Households with children under the age of 18.

Households with individuals with disabilities.

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#1. Housing: Residential Reconstruction and Rehabilitation



- · Intake Center Locations: Buncombe, Marion, and Boone
- State contacts:
 - Maggie Battaglin
 - Maggie.battaglin@commerce.nc.gov
 - Samantha Graham
 - Samantha.graham@commerce.nc.gov



#2. Housing: Workforce Housing for Ownership

Focused on increasing the housing for PURCHASE by LMI households



Construction of Workforce Housing for Ownership

Program will be open to local governments

Program Overview: Designed to fund the construction of affordable homeownership units aimed at "workforce" households earning ≤ 80% of AMI within HUD-identified MID counties in western North Carolina.

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#2. Housing: Workforce Housing for Ownership

Grants to fund development of "workforce housing" for purchase by LMI households at or below 80% AMI

Total Funding: \$53.38M (\$44.07M CDBG-DR + \$9.31M Mitigation)

Program will be open to local governments

Workforce Housing Program	
Eligible Applicants	Local governments, public, private, or non-profit organizations, and Community Development Housing Organizations., and Community Based Development Organizations
Award Amounts	\$2 - \$5 million
Application Period	One application round in 2026
Beneficiary Requirements	Households at or below 80% AMI. Located in a combined MID areas
Reducing Barriers for Assistance	Developers must price units to be

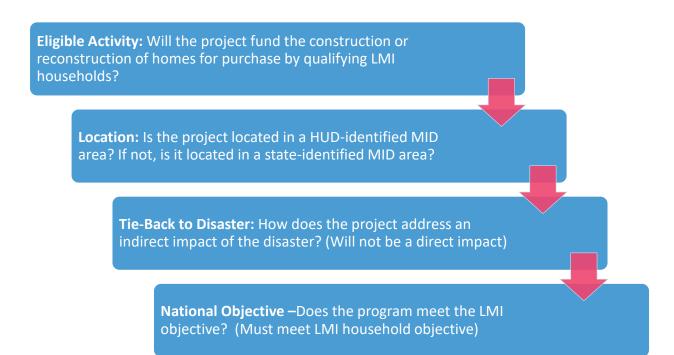
affordable to LMI households

NCDOC will later issue guidelines and a competitive NOFA with application instructions, scoring criteria, and timeline details.

Eligible Activities

100% of funds will be expended for units to be purchased by qualifying LMI individuals in combined MID areas.

Misty Herget -Workforce Housing **Program Director** Misty.herget@commerce.nc.gov



#3. Multifamily Construction & Repair Program

Total Funding: \$191 Million (\$172M CDBG-DR + \$19M Mitigation)

Focused on increasing amount of affordable RENTAL housing for LMI





Program will be open to local governments

Program Overview: Program focused on the construction, rehabilitation, or reconstruction of rental housing.

Structured into two tiers:

- Small projects (≤ 7 units)
- Large projects (≥ 8 units)

NC Department of Commerce will issue a Notice of Funding Availability (NOFA) with details on eligible applicants, scoring, and submission deadlines.

#3. Multifamily Construction & Repair Program - Small Projects

Program focused on construction or rehabilitation buildings containing up to 7 rental units.

Small Project Requirements			
Eligible Applicants	Property owners		
Eligible Areas	HUD-identified MID areas		
Award Amounts	\$250,000 - \$1.5 million		
Application Process	Ongoing: Applications are reviewed and funded on a rolling basis, pending available funds		
Beneficiary Requirements	Targets tenants with income levels ≤80% AMI		
Eligible Projects	Small-scale developments—either new construction or rehabilitation—of buildings containing up to 7 rental units		

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#3. Multifamily Construction & Repair Program - Large Projects

Program prioritizes deeply affordable units, accessibility, resilience, and geographic distribution within the most-impacted areas.



Will be open to local governments

Large Projects: 8+ Units	
Eligible Applicants	Local governments, private developers, public or non-profit organizations, and CHDOs/CBDOs
Award Amounts	\$500,000 - \$15 million
Application Period	Multiple rounds over next several years
Beneficiary Requirements	At or below 80% of AMI
Location	Combined MID areas; additional consideration for Difficult Development Areas (DDAs) and Qualified Census Tracts (QCTs)

Eligible Activities

- New construction
- Reconstruction/rehabilitation

Key Considerations

- · Building with 5+ rental units must in install broadband
- Funds often used in conjunction with other funding, such at **HOME**
- Affordable rent limits as established by HOME Program
- Affordability period: 20-year for new construction

Eligible Activity: Is the project to fund construction or reconstruction of rental housing for LMI households?

Location: Is the project located in a HUD-identified MID area? If not, is it located in a state-approved MID area?

Tie-Back to Disaster: How does the activity address an indirect impact of the disaster?

National Objective – LMI Household: Does the program or activity serve LMI households?

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#4. Community Infrastructure Program

Action Plan identified various unmet infrastructure needs: Electrical, Gas, Water, Sewer, Waste, Telecom, Roads and Bridges

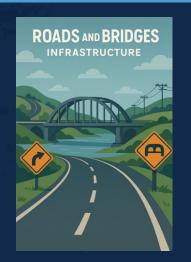
Program Overview: competitive grant initiative designed to rebuild, enhance, and prevent future damage to public infrastructure.



Program will be open to local governments

- \$1B electrical wiring and electrical infrastructure systems
- \$100M local parks and trail networks
- \$41M gas lines
- \$205M dams and mining sites
- \$3.7B water systems and impacted pipe infrastructure
- \$128M facilities containing hazardous waste
- \$100M telecommunications and internet infrastructure
- *Substantial damage roads and bridges





#4. Community Infrastructure Program

Program will be open to Local Governments

Grants for infrastructure projects that will help impacted communities become more resilient

Total: \$193,500,000 (\$174,872,300 CDBG-DR; \$18,627,700 Mitigation)

Eligible Applicants	Local governments in combined MID
	counties

Application Period Two application rounds: First round priority for to projects in HUD-

identified MID areas. Second round available to combined MID areas

Funding Amounts \$500,000 - \$15 Million

Mitigation Measures Applicants must identify specific

mitigation actions as part of the basic application and include costs in the

funding request

Prohibited Projects Local government emergency

operations centers

Funding Priorities

- Projects with a substantial amount of other funding available
- "Shovel ready" projects
- Projects that provide a greater benefit to housing recovery
- Projects that serve areas with higher LMI populations

Ayanna H. Wallace – Program Director Ayanna.Wallace@commerce.nc.gov

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Infrastructure Projects

Eligible Projects

- Surface transportation, including roadways, bridges, railroads
- Water resources projects
- Energy production and generation
- Electricity transmission
- Broadband
- · Pipeline repair
- Stormwater and sewer
- Drinking water infrastructure
- Schools
- Hospitals
- · Housing shelters

NC DOC will issue a Notice of Funding Availability (NOFA) with more details on the types of eligible projects.

Railway Project

· Repair and stabilization of damaged rail beds and track infrastructure

Stormwater Projects

- Replace drainage culverts
- Pump station replacement
 - Demolition/construction/backup generators, elevation
- Repair stormwater outfalls

Broadband/Telecommunications

- · Installation of fiber-optic cables
- Construction of wireless towers

Streambank Stabilization Landfill repairs

Wastewater Treatment

- Sewer line installation or replacement
- Manhole replacement/repair
- Lift station repairs and upgrades
- · Treatment plant construction or expansion

Eligible Activity: Is the infrastructure project an eligible CDBG-DR project?

Location: Is the project located in a HUD-identified MID area? If no, is it in a state-identified MID area (second round)

Tie-Back to Disaster: How does the activity address a direct or indirect impact of the disaster?

National Objective – LMI Does the project meet an LMI objective? (Area Basis/Household/Jobs)

National Objective – If LMI objective not met, does the project meet an urgent need or eliminate slums/blight?

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Infrastructure Projects & Meeting the LMI Objective

- Area Benefit: Projects that benefit a geographic area where at least 51% of residents are LMI
- Universal Notice Alternative Requirement
 - If the 51% area benefit cannot be met, alternative calculation authorized
 - · Multiply total cost of infrastructure project by % of LMI persons in the service area

Example:

- Infrastructure activity total cost: \$1,000,000
- LMI persons in the activity's service area is 40 percent

 $1,000,000 \times 40\% = 400,000$ would count towards benefiting LMI persons when calculating a grantee's overall benefit.

Note: Do not pursue this alternative requirement if doing so comes at the expense of pursuing an infrastructure project that can meet the standard LMI national objective criteria.

Commercial District Revitalization Program

Funding to help revitalize commercial areas in MID Areas



Program will be open to local governments

Program objectives:

- · Acquisition, demolition, site preparation, or rehabilitation of commercial structures
- Mixed-use projects involving commercial revitalization and housing components
- · Facade improvements to private or public structures in commercial areas



NCDOC will define "commercial district" and identify eligible projects

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#5. Commercial District Revitalization

Grants to carry out revitalization activities in commercial areas impacted by Helene

\$111 Million (\$102 Million CDBG-DR + \$9 Million mitigation)



rogram open to local governments

Eligible Applicants	Local governments & nonprofits
Application Period	Planning to launch program in the fall. Details on application cycles forthcoming.
Funding Amounts	\$500,000 - \$10 Million

*NCDOR still working to design program requirements.

Emily Quinlan - Program Director emily.quinlan@commerce.nc.gov

Eligible Activities

- Acquisition, demolition, site preparation, or rehabilitation of commercial structures
- Mixed-use projects involving commercial revitalization and housing components
- Facade improvements to private or public structures in commercial areas

Project Examples

- Downtown Wifi
- Park upgrades
- Sidewalk installation
- Greenways
- Façade improvements
- Mixed-use development
- Streetscapes



Example: Workforce Housing + Infrastructure

Housing Component:

- Construction of 20 workforce housing units in a LMI neighborhood that was severely damaged during the storm.
- Mitigation: Units constructed to meet current building code standards and include elevation and floodproofing measures to reduce future risks.

Infrastructure Component:

- Upgraded stormwater drainage systems (e.g., new culverts, bioswales, or larger storm drains) throughout the same neighborhood to mitigate flooding.
- Elevation of roads and installation of new sanitary sewer lines to reduce backflow into homes during storms.



Example: Multifamily Rental Housing + Infrastructure



 Green infrastructure features such as permeable pavement and bioretention cells to manage stormwiater runoff and reduce localized flooding risk Installation of a lift station to handle increased wastewater volume generated by the development

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Multifamily Rental Housing: Senior Living Redevelopment

Housing component: This project transforms a longabandoned hospital building into a 40-unit affordable senior housing facility serving low- to moderate-income (LMI) residents.

Hazard mitigation measures such as elevating mechanical systems above base flood elevation, installing flood vents, and implementing a backup power generator.

Infrastructure component: The project also includes key infrastructure upgrades to support the revitalized site:

- Replacement of aging water and sewer lines
- Installation of ADA-compliant sidewalks to enhance accessibility
- Stormwater drainage improvements to reduce localized flooding risk



Example: Infrastructure Project Public Facility Community Center & Emergency Shelter

Infrastructure of Public Facilities 24 CFR 570.201(c)

- · Community center
- Senior center
- · Resource center
- · Homeless shelter
- · Health center
- Public facilities may also serve as an emergency shelter, which can further support a tie-back to the disaster



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Example: Infrastructure Project Public Park and Greenway Reconstruction & Restoration

Infrastructure component

- Restore damaged parks and greenways
- National objective LMI Area benefit if at least 51% of residents in the service area are LMI



Multifamily Rental Housing + Infrastructure + Commercial District Revitalization

Mixed-Use Affordable Rental Housing

- •40 LMI rental units
- •Ground-floor commercial space

Infrastructure Improvements (Around the Block)

- •New water & sewer lines
- •Stormwater drainage upgrades

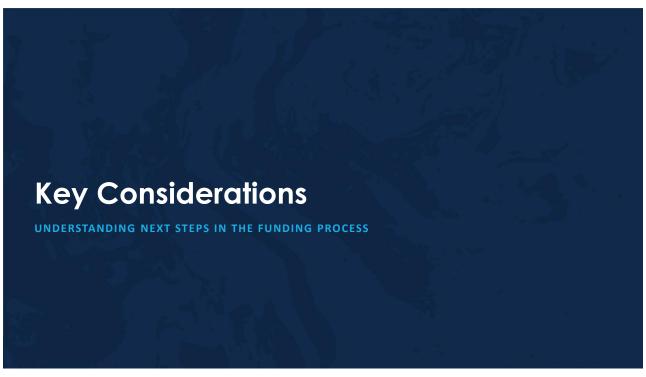
Economic Revitalization

- •Facade improvement
- •ADA-compliant sidewalks
- •New public plaza on a formerly blighted lot
 - Green Space
 - Outdoor Seating
 - Space for Community Events



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Environmental Reviews

- Environmental review process must be completed and approved BEFORE funds are committed or spent!
- NCDOC will determine the environmental review process for each project type
- Do NOT start a project before the environmental review process is complete.
 - · Do not move dirt!
 - Do not acquire property!
 - Do not hire engineers to design a project (yet)!



Why this matters?

Avoid "Choice-Limiting" Actions:

- Committing HUD or non-HUD funds (e.g., purchasing property/executing contracts)
- Physically altering a property (e.g., site grading or demolition)

May we rely on FEMA's Environmental Review for CDBG-DR Projects?
 Maybe. The FEMA-reviewed project must be substantially the same as the HUD-funded project and FEMA's environmental

Maybe. The FEMA-reviewed project must be substantially the same as the HUD-funded project and FEMA's environmental review must meet or exceed the standards required under HUD's Part 58 review process. Adoption is not automatic—it must be formally documented and determined to be sufficient by the Responsible Entity and HUD.

Duplication of Benefits

A DOB occurs when a person, household, or other entity receives financial assistance from multiple sources that can be used for the same purpose, AND the total assistance received exceeds the total need for assistance.

NCDOR will perform the DOB analysis for local governments; however, counties and municipalities must provide relevant financial documentation

The basic **DOB** calculation framework consists of five main steps:

- Assess an applicant's total need,
- Identify total assistance available to the applicant,
- Exclude non-duplicative amounts of financial assistance
- · Identify the DOB amount, and
- Calculate the total award.

HUD DOB Analysis Worksheet



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Procurement Compliance Tips

- Contractors or firms that develop or draft contract specifications, statements of work, invitations for bids, and/or requests for proposals must be excluded from competing for the underlying procurement. 2 C.F.R. 200.319(b).
- Contracts costing above \$250,000 require an independent cost or price estimate <u>before</u> receiving bids or proposals. 2 C.F.R. 200.324.
- Service contracts must be competitively bid (not a state-law requirement).

Federal procurement requirements will apply to expenditures of CDBG-DR funds

▼ Procurement Standards 200.317 - 200.327

§ 200.317	Procurements by states.
§ 200.318	General procurement standards.
§ 200.319	Competition.
§ 200.320	Methods of procurement to be followed.
§ 200.321	Contracting with small and minority businesses,
	women's business enterprises, and labor surplus
	area firms.
§ 200.322	Domestic preferences for procurements.
§ 200.323	Procurement of recovered materials.
§ 200.324	Contract cost and price.
§ 200.325	Federal awarding agency or pass-through entity
	review.
§ 200.326	Bonding requirements.

§ 200.327 Contract provisions.

What may we do now to prepare?

Project Planning

- Conduct needs assessment to identify and prioritize unmet recovery needs
- Identify project location(s)
 - Check that project is no in a floodplain
- Align proposed project with a direct/indirect "tie-back"
- Confirm the project meets a CDBG national objective
- Coordinate efforts and communicate with stakeholders

Administrative Planning

- Evaluate capacity to prepare grant application
- Consider technical assistance needs
- Draft or revise policies to reflect CDBG-DR rules (procurement/conflict of interest, etc.)
- Establish clear roles and responsibility for grant management and oversight
- Update financial management systems
- Establish internal controls



