



NORTH CAROLINA OFFICE OF RECOVERY AND RESILIENCY

NORTH CAROLINA DEPARTMENT OF PUBLIC SAFETY

OFFICE OF RECOVERY AND RESILIENCY

Interchangeability of CDBG-DR Grant Funds

COSCDA Annual Meeting
2023

Interchangeability of CDBG-DR Grant Funds

- NCORR's Creation in 2018
- Introduction to North Carolina's Recovery
- Interchangeability in Law and Regulations
- Action Planning
- Policy Manuals
- System of Record
- Wrap Up

NCORR & North Carolina's Recovery



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Why the NC Office of Recovery & Resiliency was Formed

Struggles with Hurricane Matthew

- North Carolina had little experience with CDBG-DR prior to Hurricane Matthew landing in 2016
- Unmet need = \$691,712,347
- Matthew was also the first generational storm to hit NC since Hurricane Floyd in 1999
- After Floyd, long-term recovery functions were dismantled, and the state lacks a clear home for Housing Programs.
- Two state agencies shared CDBG-DR as an additional duty

Why the NC Office of Recovery & Resiliency was Formed

Then Hurricane Florence struck in 2018

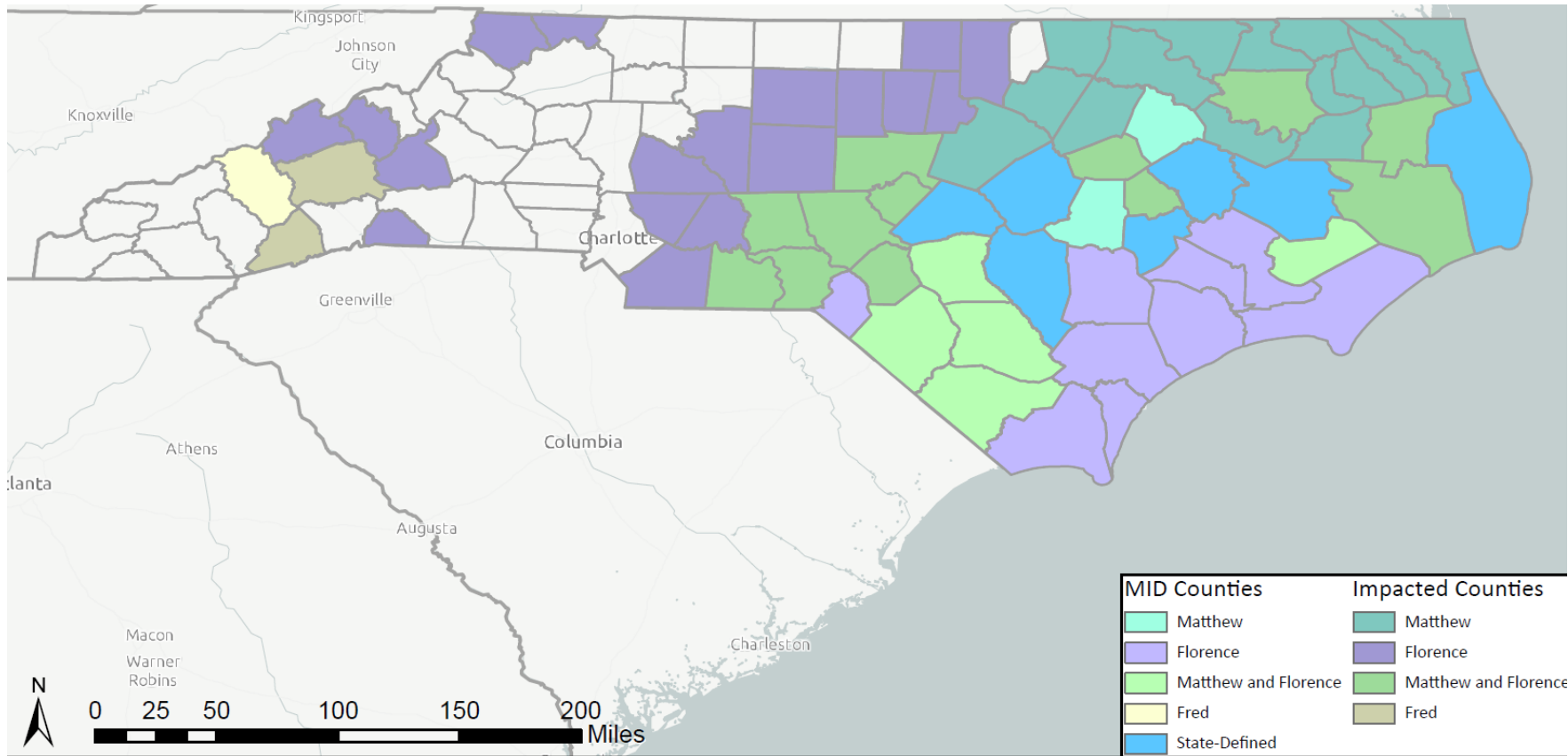
- Another generational storm with a significant impact on Rural Housing
- The geographic impact significantly overlapped with the damage caused by Hurricane Matthew
- Unmet need = \$1,626,737,384

2018 - NCORR was created as a **Dedicated Office** for CDBG-DR

Composition of NCORR's CDBG Grants

Grants	Amounts	% Spent
CDBG-DR Hurricane Matthew	\$236,529,000	90%
CDBG-DR Hurricane Florence	\$542,644,000	27%
CDBG-DR Tropical Storm Fred	\$13,186,000	0%
CDBG-MIT Hurricane Matthew	\$202,686,000	15%
Grand Total	\$995,045,000	40%

Service Region and MIDs



CDBG-DR Recovery Experience

Housing Recovery Focus

- Given the location of both of our hurricane recoveries, the most significant unmet need was for housing — both homeowners and renters
- We targeted most of our recovery dollars on Homeowner Recovery with the next largest allocation going to the construction of affordable Rental Housing.

85% of our 5,000 homeowners suffered from both storms.

CDBG-DR Recovery Experience

Coronavirus Impact

- Major negative impact on our production
- Moving to remote work, serving our low-to-moderate income families became a challenge — no physical centers, access to internet and competence with online tools, etc.
- The Housing Boom in NC meant that no General Contractors or subcontractors wanted to work on NCORR's projects in rural counties. They focused on the urban counties and the historic-level of housing construction happening.

Interchangeability in North Carolina



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Original Federal Authorization – NC & SC

- Congressional Delegations of NC & SC proposed the language
- PL 116-20, Section 1101(a) of the Additional Supplemental Appropriations for Disaster Relief Act, 2019.

"Amounts previously made available for activities authorized under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.) related to disaster relief, long-term recovery, restoration of infrastructure and housing, economic revitalization, and mitigation in the most impacted and distressed areas resulting from a major disaster, including funds provided under section 145 of division C of Public Law 114–223, section 192 of division C of Public Law 114–223 (as added by section 101(3) of division A of Public Law 114–254), section 421 of division K of Public Law 115–31, and any mitigation funding provided under the heading “Department of Housing and Urban Development—Community Planning and Development—Community Development Fund” of Public Law 115–123, that were allocated in response to Hurricane Matthew, may be used interchangeably and without limitation for the same activities in the most impacted and distressed areas related to Hurricane Florence."

Original Federal Authorization – NC & SC

- US Housing and Urban Development then addressed the change
- Federal Register Notice - 85 FR 4681 – 2018 Class

IV.B.4. Use of funds in response to Hurricane Matthew and Hurricane Florence (State of North Carolina and South Carolina only). The 2019 Appropriations Act provides that grantees that received CDBG–DR grants under Public Laws 114–223, 114–254, and 115–31 in response to Hurricane Matthew, may use those funds interchangeably for the same activities that can be funded by CDBG–DR grants in the most impacted and distressed areas related to Hurricane Florence.

Specifically, these CDBG–DR grants in response to Hurricane Matthew may be used interchangeably and without limitation for the same activities that can be funded by CDBG–DR grants in the most impacted and distressed areas related to Hurricane Florence.

Original Federal Authorization – NC & SC

- US HUD further addressed **Administrative Flexibility**
- Federal Register Notice - 85 FR 4681 – 2018 Class

IV.B.3. Use of administrative funds across multiple grants. The 2019 Appropriations Act authorizes special treatment of grant administrative funds for grantees that received awards under certain CDBG–DR grants. Grantees that received awards under Public Laws 114–113, 114–223, 114–254, 115–31, 115–56, 115–123, and 115–254, or any future act may use eligible administrative funds (up to 5 percent of each grant award plus up to 5 percent of program income generated by the grant) appropriated by these acts for the cost of administering any of these grants without regard to the particular disaster appropriation from which such funds originated.

Subsequent Federal Authorizations

- 2020 OMNI Notice - 87 FR 36869

Public Law 117–43 authorizes the Secretary to permit grantees that received funds under Public Law 117–43 and under prior or future appropriations for activities related to unmet recovery needs in the MID areas resulting from a major disaster to use those funds interchangeably and without limitation for the same activities related to unmet recovery needs in the MID areas resulting from another major disaster in Public Law 117–43 or in prior or future appropriation acts, when the MID areas overlap and when the use of the funds will address unmet recovery needs of both major disasters.

- 2020 Class of Disasters - 87 FR 6364

- 2021 Class of Disasters - 88 FR 3198

- 2022 Class of Disasters - 88 FR 32046

NCORR Updated Action Plans

Hurricane Matthew CDBG-DR Action Plan

“CDBG–DR grants in response to Hurricane Matthew may be used interchangeably and without limitation for the same activities that can be funded by CDBG–DR grants in the most impacted and distressed areas related to Hurricane Florence. Additionally, all CDBG–DR grants under the 2018 and 2019 Appropriations Acts in response to Hurricane Florence may be used interchangeably and without limitation for the same activities in the most impacted and distressed areas related to Hurricane Matthew.”

Hurricane Florence CDBG-DR Action Plan

These state-identified areas are for recovery planning purposes and for a deeper understanding of the hardest hit dual impacted areas of the State. While expenditures in these state-identified MID areas do not meet the 80 percent expenditure requirement set by HUD, they do satisfy the requirement set at 85 FR 4686 which reiterates that “CDBG–DR grants in response to Hurricane Matthew may be used interchangeably and without limitation for the same activities that can be funded by CDBG–DR grants in the most impacted and distressed areas related to Hurricane Florence. Additionally, all CDBG–DR grants under the 2018 and 2019 Appropriations Acts in response to Hurricane Florence may be used interchangeably and without limitation for the same activities in the most impacted and distressed areas related to Hurricane Matthew.”

NCORR Updated Policy Manuals

- NCORR Homeowner Recover Program Manual
- NCORR Financial Management Manual v3.2

Allocating Direct Program and Activity Delivery Expenditures

As of January 2020, NCORR has the authority to apply direct program costs and activity delivery costs to either North Carolina's Matthew CDBG-DR grant or Florence CDBG-DR grants, as long as expenditures occurred in one of the most-impacted and distressed communities (MIDs) for either disaster event. The functional result of this change in federal requirements means that NCORR can treat the MIDs for Hurricanes Matthew and Florence as one large MID serving both storms, and NCORR has a discretion to apply MID-located direct program costs and activity delivery costs to any Matthew and Florence grants without regard to storm tie-back. For more information about this authority, please see Section IV.B.4 of 85 FR 4681.

NCORR's practice is to let the storm tie-back of the application determine which grant to charge award expenditures. If budgetary expenses become a challenge due to the volume of committed awards to specific grant, NCORR Finance will transfer award obligations and expenditures, as needed, to grants with budget availability. Before an award is transferred from one recovery grant to another, NCORR Finance verifies that the award is located in one of the Matthew or Florence MIDs.

NCORR System of Record

- NCORR uses a customized instance of Salesforce
- We track **storm tie-back** in perpetuity
- We separately track a **budget assignment** for each award – with history tracking
- Regarding Administrative Expenses, we **progress** through each grant until fully expended

Wrap Up



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