

# WHAT YOU NEED TO KNOW

U.S. Department of Urban Housing and  
Development (HUD) Federal Register  
Allocation Announcement Notice for Major  
Disasters in 2022



Recovery



Mitigation



Community  
Development



Housing



Infrastructure

# Introduction

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**On May 18, 2023, HUD released a [Federal Register Notice](#) (88 FR 32046) announcing more than \$3 billion in Community Development Block Grant Disaster Recovery (CDBG-DR) funding appropriated by the Continuing Appropriations Act (2023) and the Department of Housing and Urban Development Appropriations Act (2023) related to major disasters which occurred in 2022. This Federal Register announcement also includes the [Consolidated Notice](#) (as published on February 3, 2022, at 87 FR 6364; May 24, 2022 at 87 FR 31636; January 18, 2023, at 88 FR 3198) that applies to CDBG-DR grants for disasters occurring in 2020, 2021, and 2022; and a limited number of amendments to the Notice for 2022 disasters.**

This summary provides grantees information on key items contained within this notice, FR-6393-N-01, including funding allocation details, eligible activities, alternative requirements and waivers, and funding timelines. This includes important updates to duplication of benefits and the treatment of subsidized loans, as well as assistance to utilities.

In this summary, you will find information on:

- Allocations
- Mitigation Set Aside
- Most Impacted and Distressed (MID) Areas
- Small Grants: Under \$20 Million
- Administrative Funds
- Applicable Rules, Statutes, Waivers, and Alternative Requirements
  - Update to Duplication of Benefits and Treatment of Subsidized Loans
  - Duplication of Benefits and Multiple Disasters
  - Interchangeability of Disaster Funds
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  - Reimbursement of Pre-award and Pre-application Activities Alternative Requirement
  - Green and Resilient Building Standards
  - Use of “Uncapped” Income Limits
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## Allocations

The allocation of \$3,391,220,000 is to assist communities recover from disasters and build resilience against future events, with a specific focus on low to moderate income (LMI) populations. The funds are to be used for disaster relief, long-term recovery, restoration of infrastructure and housing, economic revitalization, and mitigation, in the most impacted and distressed (MID) areas.

| Grantee                     | FEMA Disaster Number | Total Allocated under this Notice from Public Law 117-180 and 117-328 |
|-----------------------------|----------------------|---|
| State of Alaska             | 4672                 | \$38,493,000  |
| Lee County, Florida         | 4673                 | \$1,107,881,000   |
| Volusia County, Florida     | 4673                 | \$328,910,000   |
| Orange County, Florida      | 4673                 | \$219,712,000   |
| Sarasota County, Florida    | 4673                 | \$201,535,000   |
| State of Florida            | 4673                 | \$910,624,000   |
| St. Clair County, Illinois  | 4676                 | \$30,027,000  |
| State of Kentucky           | 4663                 | \$297,994,000   |
| St. Louis County, Missouri  | 4665                 | \$56,425,000  |
| St. Louis City, Missouri    | 4665                 | \$25,834,000  |
| State of Oklahoma           | 4657 & 4670          | \$7,473,000   |
| Commonwealth of Puerto Rico | 4649 & 4671          | \$166,312,000   |

## Mitigation Set-Aside

The total funds allocated include a 15% mitigation set-aside to reduce risk in MID areas. The mitigation set-aside is intended to be used for activities that increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship, by lessening the impact of future disasters.



Allocation for  
2022 disasters

**\$3.3+**  
**billion**

## Most Impacted and Distressed (MID) Areas

HUD identifies MID areas, which have experienced significant and severe impacts from the declared disasters, where grantees must target all or the majority of their funding.

Lee County, Florida; Volusia County, Florida; Orange County, Florida; Sarasota County, Florida; St. Clair County, Illinois; St. Louis County, Missouri; and St. Louis City, Missouri must use 100 percent of the total funds allocated within the HUD-identified MID areas. All other grantees must use at least 80 percent of their allocations in the HUD-identified MID areas.

| Grantee                     | Most Impacted and Distressed Areas   |
|-----------------------------|--|
| State of Alaska             | Bering Strait Regional Education, Lower Yukon Regional Education; 99563 (Kashunamiut Regional Education)   |
| Lee County, Florida         | Lee County, Florida  |
| Volusia County, Florida     | Volusia County, Florida  |
| Orange County, Florida      | Orange County, Florida   |
| Sarasota County, Florida    | Sarasota County, Florida   |
| State of Florida            | Brevard, Charlotte, Collier, DeSoto, Hardee, Highlands, Hillsborough, Manatee, Monroe, Osceola, Pinellas, Polk, Seminole Counties; 32177 (Putnam County)   |
| St. Clair County, Illinois  | St. Clair County, Illinois   |
| State of Kentucky           | Breathitt, Knott, Letcher, Perry Counties; 41572 (Pike County)   |
| St. Louis County, Missouri  | St. Louis County, Missouri   |
| St. Louis City, Missouri    | St. Louis City, Missouri   |
| State of Oklahoma           | Muscogee (Creek) OTSA/74447 (Okmulgee County)  |
| Commonwealth of Puerto Rico | Salinas Municipio; 00610 (Anasco Municipio), 00612 (Arecibo Municipio), 00794 (Barranquitas Municipio), 00623 (Cabo Rojo Municipio), 00725 (Caguas Municipio), 00729 (Canovanas Municipio), 00646 (Dorado Municipio), 00784 (Guayama Municipio), 00660 (Hormigueros Municipio), 00791 (Humacao Municipio), 00795 (Juana Diaz Municipio), 00667 (Lajas Municipio), 00771 (Las Piedras Municipio), 00719 (Naranjito Municipio), 00720 (Orocovis Municipio), 00728 (Ponce Municipio), 00754 (San Lorenzo Municipio), 00757 (Santa Isabel Municipio), 00949 (Toa Baja Municipio), 00693 (Vega Baja Municipio), 00767 (Yabucoa Municipio), 00698 (Yauco Municipio). |

## Small Grants: Under \$20 Million

For grantees receiving an allocation of less than \$20 million for 2022 disaster(s), HUD will consider the small size of the grant and HUD's allocation methodology as acceptable justification for a grantee to propose a disproportional allocation when the grantee is allocating funds to address unmet affordable rental housing needs caused by or exacerbated by the disaster(s).

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## Administrative Funds

Grantees receiving an award under this notice are able to access funding for Program Administrative Costs prior to the Secretary of HUD's certification of financial controls, procurement processes, and adequate procedures for proper grant management. In order to access the Program Administrative funds, the Grantee must prepare an Administrative Action Plan describing its use of funds for program administrative costs, subject to the 5% cap on the use of grant funds for this purpose.

The action plan will be developed outside of Disaster Recovery Grant Reporting (DRGR) systems and must include all proposed uses of funds for program administrative costs incurred prior to a final action plan being submitted and approved. HUD will review within 15 days of the date of receipt.

After HUD's approval of the action plan for program administrative costs, the grantee enters the activities from its approved action plan into the DRGR system if it has not previously done so and submits its DRGR action plan to HUD.

Grantees that are receiving awards under this notice, and that have received CDBG-DR or Community Development Block Grant mitigation (CDBG-MIT) grants in the past or in any future acts, may use eligible administrative funds (up to five percent of each grant award plus up to five percent of program income generated by the grant) appropriated by these acts for the cost of administering any CDBG-DR or CDBG-MIT grant without regard to the particular disaster appropriation from which such funds originated.

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## Applicable Rules, Statutes, Waivers, and Alternative Requirements

The Federal Register and the Consolidated Notice describe rules, statutes, waivers, and alternative requirements that apply to allocations under this notice.

### Update to Duplication of Benefits and Treatment of Subsidized Loans

The Disaster Recovery Reform Act of 2018 (DRR) loan exception implemented in the 2019 Duplication of Benefits (DOB) Notice (84 FR 28836) does not apply to disasters occurring in 2022. Therefore, in this allocation, subsidized loans (including SBA) may be a duplication of benefit for CDBG-DR grants announced in this notice. Exceptions do apply.

This FRN notice and the Consolidated Notice also require CDBG-DR grantees to consider projected sources of disaster assistance in the needs assessment that is part of an action plan for disaster recovery. Consideration of other potential sources of assistance when planning for the use of grant funds helps to limit the possibility of duplication between CDBG-DR and other assistance.

### Duplication of Benefits and Multiple Disasters

It is not uncommon for multiple disasters to hit the same location, while the grantee and applicants it services have not fully recovered from the first disaster. In this situation, assistance provided in response to the second disaster may duplicate

assistance for the same purpose and need as assistance provided after the first disaster. HUD recognizes that in this scenario, DOB calculations can be complicated.

Therefore, HUD is adopting the following policy that is applicable to circumstances when two disasters occur in the same area, and the applicant has not fully recovered from the first disaster before the second disaster occurs.

Applicants are not required to maintain documentation related to the use of public disaster assistance (Federal, state, and local) beyond the period required by the agency that provided the assistance. If documentation cannot be provided, the grantee may accept a self-certification regarding how the applicant used the other agency's assistance, provided that the applicant is advised of the criminal and civil penalties that apply in cases of false claims and fraud, and the grantee determines that the applicant's total need is consistent with data the grantee has about the nature of damage caused by the disasters ( e.g., flood inundation levels).

### **Interchangeability of Disaster Funds**

Grantees that receive an award in this Allocation Announcement Notice and under prior or future appropriations may use the funds interchangeably and without limitation for the same activities related to unmet recovery needs in the MID areas when MID areas overlap and when the use of the funds will address unmet recovery needs of both disasters.

### **Assistance to Utilities**

Grants made in response to 2022 disasters may be made to assist private for-profit, non-profit, or publicly owned utilities as part of the eligible disaster related activities.

HUD's alternative requirement below includes basic safeguards that HUD has determined are necessary to ensure that costs comply with the certification to give maximum feasible priority to activities that benefit LMI persons and that costs are necessary and reasonable and do not duplicate other financial assistance.

- 1.** The funded activity must comply with applicable CDBG–DR requirements, including the requirements that the assisted activity will meet a national objective, the activity will address an unmet recovery need or a risk identified in the grantee's mitigation needs assessment, and if the assistance is provided to a for-profit entity for an economic development project under section 105(a)(17), the grantee must first comply with the underwriting requirements in section II.D.6 of the Consolidated Notice.
- 2.** Each grantee must carry out the grant consistent with the grantee's certification that "With respect to activities expected to be assisted with CDBG–DR funds, the action plan has been developed so as to give the maximum feasible priority to activities that will benefit low- and moderate-income families."

To fortify compliance with the existing certification, if the grantee carries out activities that assist privately-owned, for-profit utilities, the grantee must prioritize assistance to for-profit utilities that will benefit areas where at least 51 percent of the residents are LMI persons and demonstrate how assisting the private, for-profit utility will benefit those areas.

- 3.** The grantee must determine that the costs of the activity to assist a utility are necessary and reasonable and that they do not duplicate other financial assistance. To fortify these requirements achieve a targeted use of funds, and to safeguard against the potential over-subsidization when assistance is used to carry out activities that benefit private, for-profit utilities, the grantee must document that the level of assistance provided to a private, for-profit utility addresses only the actual identified needs of the utility.

## Clarifications to the Consolidated Notice

In 2022, HUD released its Consolidated Notice, combining updates and requirements from several different Federal Register Notices and Community Planning and Development (CPD) Notices that have governed CDBG-DR funds. The Consolidated Notice describes the processes, procedures, timelines, waivers, and alternative requirements that HUD has established for CDBG-DR grants. While the Consolidated Notice is the governing notice for 2022 CDBG-DR allocations, this current Allocation Announcement contains several clarifications to the Consolidated Notice.

### Reimbursement of Pre-award and Pre-application Activities Alternative Requirement

HUD permits grantees to charge pre-award and pre-application costs of homeowners, renters, businesses, and other qualifying entities to the grant, for eligible costs incurred within a specified time frame after an allocation. In the Consolidated Notice it states that “The person or private entity incurred the expenses within one year after the applicability date of the grantee’s Allocation Announcement Notice (or within one year after the date of the disaster, whichever is later)”; however, this does not apply for the 2022 allocation.

To avoid confusion and to apply a uniform time frame to reimbursement for all pre-application costs for 2022 disasters; pre-award and pre-application expenses are eligible for reimbursement when incurred within one year of the date of the notice that announced the initial allocation of CDBG-DR funds (or within one year after the date of the disaster, whichever is later). For grantees receiving an allocation for a 2022 disaster, pre-award and pre-application expenses incurred prior to May 23, 2024 are eligible costs.

### Green and Resilient Building Standards

The Consolidated Notice, which covers this allocation, requires that all covered construction assisted with CDBG-DR funds meet an industry recognized standard; however during the update published on February 3, 2022, at 87 FR 6364; May 24, 2022 at 87 FR 31636; January 18, 2023, at 88 FR 3198; and this notice; HUD inadvertently omitted a standard.

HUD clarifies that the Consolidated Notice allows a grantee to use either the ICC–700 National Green Building Standard (NGBS) Green or NGBS Green+ Resilience standard, among other industry-recognized standards.

### Use of “Uncapped” Income Limits

The annual uncapped income limits published by HUD apply to CDBG-DR funded activities in jurisdictions covered by the uncapped limits. 2023 uncapped income limits can be found on the [HUD website](#).

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## Duration of Funding

Grantees must expend 100 percent of their allocation within six years of the date HUD signs the grant agreement. HUD may extend the time period in this alternative requirement and associated grant period of performance administratively, if good cause for such an extension exists at that time, as requested by the grantee, and approved by HUD.

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**For more information, contact us today.**



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