

CDBG Disaster Recovery Overview

Texas to receive \$1.3 billion in HUD Community Development Block Grant funding

On November 26, 2008 the US Department of Housing and Urban Development (HUD) announced the allocation of \$2.1 billion dollars in disaster recovery assistance to 13 States and Puerto Rico. The emergency funding is intended to help address unmet housing, economic and infrastructure needs following the natural disasters of 2008. HUD allocated the majority of the funding (\$1.3 billion dollars) to the State of Texas. The emergency funding is provided through HUD's *Community Development Block Grant (CDBG)* Program and will support the States' long-term disaster recovery. This is the first allocation of approximately \$6.5 billion dollars appropriated by Congress immediately following Hurricane Ike. It is likely that the remainder of the \$6.5 billion dollars will be allocated by HUD after January 20, 2009.

How the money will likely flow

Although entitlement communities like Harris County, the City of Houston and the City of Galveston typically receive CDBG funds directly from HUD, H-GAC understands that the distribution of all CDBG funds for disaster recovery will be run through the State of Texas.

Once the State receives the \$1.3 billion dollars in funding, the Texas Office of Rural Community Affairs (ORCA) will serve as the lead oversight agency for infrastructure projects and the Texas Department of Housing and Community Affairs responsible for the portion that will be set aside to address unmet housing needs.

The framework for distributing funds will be an Action Plan which will include funding priorities, eligibility criteria, types of eligible projects, allocations between infrastructure and housing, set asides (if any) and local match/cost sharing requirements.

ORCA has scheduled two public hearings to receive input on the development of a draft action plan the first will be held December 8 on Galveston Island and the second on December 9 in Houston. The first two public hearings will be held in Houston and Galveston on December 8 and 9, 2008. Additional meetings will be held in early January to receive feedback on the proposed work plan. Public hearings to discuss the development of a plan to meet unmet housing needs will be held on December 11 in Houston and Galveston.

The Action Plan(s) will likely be finalized in late January or early February with agencies ready to begin reviewing projects and requests for funding in March 2009.

Further Considerations

Projects funded by CDBG grants typically must meet specific thresholds for serving low-to-moderate-income beneficiaries. It is our understanding that all impacted communities will be eligible to receive CDBG funds through ORCA and TDHCA but certain restrictions regarding LMI beneficiaries may apply.

Although all impacted communities are eligible to receive funding, H-GAC has encouraged ORCA to consider either direct allocations or set asides for the impacted entitlement communities that have adequate resources and experience in managing CDBG grants and projects.