



pennsylvania
DEPARTMENT OF COMMUNITY
& ECONOMIC DEVELOPMENT

PA CDBG-DR BUYOUT PROGRAM SUBRECIPIENT TRAINING

January 17, 2017
12:30 – 2:30 PM



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INTRODUCTIONS

- DCED Staff
- PEMA Staff
- Local governments (prospective subrecipients)
- ICF

2



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PA CDBG-DR ALLOCATION

- 2011 – 2 Presidentially Declared Disasters hit PA
 - FEMA-4025-DR: August 26, 2011; Hurricane Irene
 - FEMA-4030-DR: September 5, 2011; Tropical Storm Lee
- Total PL 112-55 Allocation (2012): \$27,142,501
- Total PL 113-2 Allocation (2013): \$29,986,000
- Funding must be spent in 36 impacted counties outlined in FR Notice
- Most impacted counties of Bradford, Columbia, Dauphin, Luzerne and Wyoming must receive 80% of each funding allocation

3



PA CDBG-DR BUYOUT PROGRAM

- Total funding allocation (from PL 113-2): \$8.5 million
- Program to voluntarily acquire properties impacted by qualifying disaster events
- Properties purchased through the program will be demolished and the land converted to greenspace in perpetuity
- All funding must be expended by end of May 2017
- No funding cap per unit
- Must be primary residences owned and occupied at time of event or 1-4 unit rental structure

4



PA CDBG-DR BUYOUT PROGRAM OBJECTIVES

- To prevent future loss of life and property due to natural disasters
- To provide funding for previously identified mitigation measures that benefit the disaster area
- To implement State, County, and Municipal Hazard Mitigation and Recovery Plans

5



NATIONAL OBJECTIVE

- All CDBG-DR Buyout Program projects will meet one of the following national objectives
 - Low Moderate Income Area Benefit (LMA)
 - Urgent Need (UN)
- LMA: 51% of service area consists of low and moderate income people and is primarily residential service area
- UN: Service areas that do not qualify as LMA
- Overall, 50% of entire CDBG-DR allocation must benefit LMI persons
- DCED will work with each subrecipient to document national objective

6

PROGRAM RESOURCES

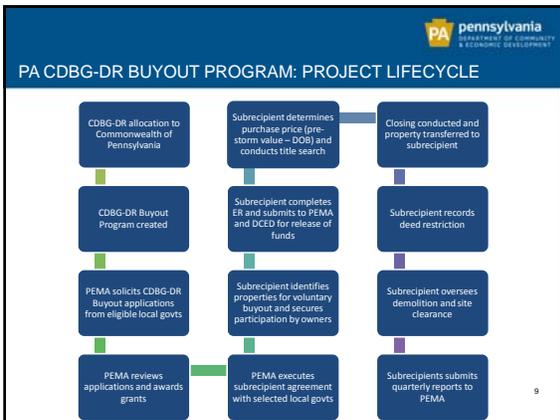
- Documentation
 - PA CDBG-DR Buyout Program Administrative Manual for Local Governments
 - PA CDBG-DR Buyout Forms 0 - 38
- Manual and forms will be available at: <http://dced.pa.gov/library>
 - Click on Federal Programs Resource Library then CDBG-DR Folder
- When updates are made to documents, you will be notified via email by Dave Grey (dgrey@pa.gov)

7

PROGRAM CONTACTS

- Each subrecipient is assigned a PEMA Program Manager that will assist you throughout the entire process
- If you have questions, comments, or feedback on forms or Manual contact: Dave Grey, dgrey@pa.gov
- General inquiries: RA-Shazmitoff@pa.gov

8





APPLICATION REVIEW PROCESS

- As of right now there is more funding requested than there is funding available
- Applications will be reviewed for completeness and to ensure they meet eligibility criteria and then scored
- Preference given to projects that meet LMI Area Benefit National Objective and applicants participating in NFIP
- Maximum score = 100

10



PEMA SUBRECIPIENT AGREEMENT

- After application is approved, subrecipient agreement executed between PEMA and local government
- Local government = subrecipient
- Agreement outlines:
 - Roles and responsibilities
 - Timelines for CDBG-DR expenditure
 - What documentation is required for payment
 - Reporting requirements to PEMA
 - Record keeping requirements

11



ENVIRONMENTAL REVIEW

- Environmental review is the process of looking at “a project for impact on the physical environment”
- **Environmental review of CDBG-DR projects are required before any funds obligated or spent**
- Resources: 24 CFR Part 58 & various other laws
- Projects with FEMA ER completed may be able to utilize it by working with DCED
- A tiered approach may be possible with PEMA approval
- Notification to the public of findings
- Subrecipient completes ER and submits to DCED for release of funds

12



DETERMINING PURCHASE PRICE

- If same owner as time of storm/sinkhole event, value of home based on pre-storm value
- If new owner since time of storm/sinkhole, value of home based on current market value
- Appraisals must be completed by a State certified appraiser
- Purchase price = value of property (-) assistance considered duplicative (-) outstanding liens and any other encumbrances on property
- Outstanding liens and any other encumbrances on property must be remedied by the homeowner at time of settlement

13



FOUNDATION OF DUPLICATION OF BENEFITS

- **Stafford Act**
 - No entity will receive duplicative assistance from another source
- **OMB Cost Principles**
 - All costs will be necessary and reasonable
- **Federal Register Notice FR-5582-N-01**
 - Guidance specific to all CDBG disaster recovery grants

14



WHAT IS DUPLICATION OF BENEFITS?

- Recovery assistance may be provided by many sources
- A duplication of benefits (DOB) occurs when:
 - Assistance from multiple sources *and*
 - Total Assistance > Need for that Type Assistance
- If property owner can demonstrate that assistance was used for intended purpose it is NOT deducted from the final purchase price of the property at closing
 - Must collect receipts and paid contractor invoices to prove how funding was used

15

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CALCULATE AWARD

- Subtract all assistance found to be duplicative from identified need crediting back assistance used for intended purpose
- Example:

1. Pre-storm value of home	\$100,000
2. Total assistance received	\$35,000
3. Total assistance determined to be duplicative	\$30,000
4. Award	\$70,000

- DCED will review all purchase price determinations *prior to closing* to ensure that DOB has been properly determined

16

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OPEN SPACE USES/TRANSFER OF PROPERTY

- Once acquired, a property must remain undeveloped as “open space in perpetuity” and in the possession of the local unit of government
- Model deed restriction must be recorded at time of closing and transfer of property
- Transfer of the property to some governmental, environmental or conservancy entities is permitted with PEMA pre-approval

17

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UNIFORM RELOCATION ACT – 49 CFR 24

- Establishes minimum standards for federally funded programs and projects that require the acquisition of real property or displace persons from their homes, businesses, or farms
- As voluntary acquisition program, property owners are NOT eligible for relocation assistance under this program
- Current tenants and tenants at time of storm/sinkhole are eligible for permanent relocation assistance

18



URA TRIGGERS

- **General Info Notice (GIN)** – “As soon as feasible” to a person scheduled to be displaced for a project with assistance anticipated in any phase of the undertaking
- **Notice to Owner** – prior to making a written offer (Voluntary Acquisition Notice)
- **Notice of Relocation Eligibility**
 - When “Initiation of Negotiations” (ION) for the project type has occurred (several possible dates per regulations), or
 - Upon issuance of a “Notice of Intent to Acquire”, or
 - Actual acquisition, rehab, or demo of a property with no notice

19



URA ROLES AND RESPONSIBILITIES

- **Subrecipient** is responsible for:
 - Providing GIN to owner who provides to tenant if applicable
 - Providing Voluntary Acquisition Notice (VAN) to owner
 - Providing info about tenants to PEMA
 - Making permanent relocation payments to tenants (as determined by DCED Relocation Specialist)
 - Sending tenant information to DCED Relocation Specialist
- **DCED Relocation Specialist** is responsible for:
 - Eligibility determination
 - Relocation assistance determination
 - Working with tenants to identify replacement housing
 - Providing notification of relocation eligibility
 - Creating and maintaining tenant files

20



PAYMENT

- Subrecipients submit payment requests to PEMA
 - Must be accompanied by documentation of the expenditure
 - When requesting reimbursement of costs in advance of payment must include copy of contract and invoice
- PEMA reviews requests and issues payments to subrecipient
- Subrecipient must include accurate information in payment request
- Subrecipients must have financial record-keeping systems in place to determine immediate cash needs

21



RECORDS RETENTION

- Must retain all records for 8 years following CDBG-DR grant close out
- Electronic records are allowed provided they are retrievable and unalterable

22



DOWN PAYMENT ASSISTANCE PROGRAM

- \$1 million CDBG-DR funded program
- Provides up to \$25,000 to households that do not have sufficient proceeds from buyout to purchase new home
- Eligible to households earning at or below 80% Area Median Income (AMI)
- DCED is working on identifying an organization to carry out program

23



QUESTIONS???

24
