PA CDBG-DR BUYOUT PROGRAM
SUBRECIPIENT TRAINING

January 17, 2017
12:30 – 2:30 PM

INTRODUCTIONS

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

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
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

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

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
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](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)**

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

PA CDBG-DR BUYOUT PROGRAM: PROJECT LIFECYCLE

- CDBG-DR allocation to Commonwealth of Pennsylvania
- PEMA solicits CDBG-DR Buyout applications from eligible local governments
- PEMA reviews applications and awards grants
- Subrecipients identify properties for voluntary buyout and secure participation by owners
- Subrecipients complete ER and submit to PEMA and DCED for release of funds
- Subrecipients determine purchase price (pre-storm value – DOB) and conduct title search
- Closing conducted and property transferred to subrecipient
- Subrecipients record deed restriction
- Subrecipients oversee demolition and site clearance
- Subrecipients submit quarterly reports to PEMA
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

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

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
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

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

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
**CALCULATE AWARD**

- Subtract all assistance found to be duplicative from identified need crediting back assistance used for intended purpose
- Example:
  
<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Pre-storm value of home</td>
<td>$100,000</td>
</tr>
<tr>
<td>2.</td>
<td>Total assistance involved</td>
<td>$50,000</td>
</tr>
<tr>
<td>3.</td>
<td>Total assistance determined to be duplicative</td>
<td>$30,000</td>
</tr>
<tr>
<td>4.</td>
<td>Award</td>
<td>$70,000</td>
</tr>
</tbody>
</table>

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

**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

**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
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

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

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
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

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

QUESTIONS???