

Jefferson-Chalmers WATER Project

Water Access, Technology, Education and Recreation

Keep Sewage out of Basements & Canals • Keep Stormwater out of the System • Keep Great Lakes out of the Neighborhood

CDBG-DR FACT SHEET

Summary – This Fact Sheet is intended to provide community residents and stakeholders with more detailed information to help guide their understanding of US Housing & Urban Development (HUD) Community Development Block Grant-Disaster Recovery (CDBG-DR) funds. It also includes observations and strategy considerations related to the potential use of \$20M of CDBG-DR funds for stop logs and flood walls, which the community opposes.

HUD and Entitlement Funds – “Entitlement communities” refers to cities and urban counties with a population of 50,000 that automatically qualify for annual funding through the Community Development Block Grant (CDBG) and other HUD programs, including Emergency Shelter Grants (ESG), Home Investment Partnership Program (HOME) and Housing Opportunities for People with AIDS (HOPWA). Funds are distributed directly to those communities from HUD based upon the population of the community. Detroit is one of 44 communities, that along with the State of Michigan receive funds directly from HUD. The State uses its entitlement funds to support a variety of programs in non-entitlement communities.



CDBG is THE most flexible resource from HUD and it allows a wide range of community and economic development activities from demolition, infrastructure and home repair programs as long as the grantee spends their allocation to meet at least one of the three National Objectives, which include:

- Benefit to low- and moderate- income (LMI) persons;
- Aid in the prevention or elimination of slums or blight; and
- Meet a need having a particular urgency (referred to as urgent need).

In addition to these National Objectives, the grantee must ensure that 70% of percent of their CDBG funds benefit Low-Moderate Incomes persons (defined as 60% of the Area Median Income [AMI]). In Detroit, that equals \$40,320 for one person or \$57,540 for a family of four.

Through a direct Grant Agreement with HUD, the City of Detroit administers HUD funds through its Housing & Revitalization Dept. (HRD). Detroit receives an annual allocation of approximately \$33M of CDBG funds plus another \$9.5M for other entitlement programs.

As an agency focused on community lift, HUD requires recipients/grantees to identify the proposed use of the allocated funds through Action Plans which are supposed to include the community in the proposed use of the funds and at a minimum must include an opportunity for public comment. Action Plans are submitted to HUD for review and approval, but the agency is typically, pretty hands-off, allowing the local agency to mostly spend the funds as they deem fit as long as they comply with National Objectives and 70% rule.

Flow of Funding – After **appropriation** by Congress, Federal funds are **allocated** through each identified Agency with publication in the Federal Register where they are either block granted (based upon population) or are part of a Notice of Funding Availability (NOFA) competition. Allocated funds are **obligated** through Grant Agreements and are subject to recapture or claw back if not under agreement within a specific period of time. Funds not **spent** within two years of a Grant Agreement may also be subject to recapture. Both the City and HUD will be anxious to approve the Plan and have the Grant Agreement executed as soon as possible, to avoid recapture by the Trump Administration.

Appropriation
Allocation
Obligation
Spend

National Environmental Policy Act (NEPA) – NEPA requires all Federal agencies (or State and Local agencies that are Grantees to receive Federal funds) to assess the environmental impact of any and every decision – referred to as an "action." The range of actions covered by NEPA is broad and includes the entirety of Federal actions or contracts from procurement of office supplies to major infrastructure projects. Some Federal agencies manage their own NEPA obligations, while HUD delegates the responsibility to the Grantee but maintains authority over the level of review and must also approve the review's findings.

Environmental Review must include a wide array of Federal, State and local stakeholder agencies to examine the impact of the project/decision/action. This includes but is not limited to the EPA, Fish & Wildlife (Interior), National Park Service, The Corps, EGLE, Natural Resources, BSEED and local nonprofits, Friends of the Detroit River, Sierra Club as well as residents and property owners.

NEPA provides for three (3) different levels of Environmental Review that vary in detail and time based upon the size and complexity of the project/action/decision.

Level of Review	Categorical Exclusion (CatEx or CE)	Environmental Assessment (EA)	Environmental Impact Statement (EIS)
Used For	Routine activities that include day-to-day business functions of the agency or work that is commonly undertaken.	A structured approach to predicting the impacts of a proposed action with projects whose scope is specific, often limited and typically, familiar to the agency.	Large, multi-faceted major projects that can be implemented in a variety of ways. The impact of alternative approaches is examined and the selection of a preferred alternative includes in its decision-making criteria the impacts and proposed mitigation.
<i>Outcome</i>	<i>No Statement</i>	<i>Finding of No Significant Impact (FONSI)</i>	<i>Record of Decision (ROD)</i>
<i>Timeframe</i>	<i>Immediate</i>	<i>90 Days to 3 Years</i>	<i>10 Years</i>
<i>Local Sample</i>	<i>Office Furniture</i>	<i>I-375</i>	<i>I-94</i>

CDBG-DR Overview and Detroit’s Plans – Unlike the formula basis for the allocation of funds, Community Development Block Grant Disaster Recovery (CDBG-DR) grant funds are a special appropriation by Congress and allocated by HUD to rebuild disaster-impacted areas for communities impacted by a Presidentially Declared National Disaster. \$12.07 billion of CDBG-DR was allocated in Fiscal Year 2024-25 and each appropriation is directed to specific communities and essentially function as non-competitive earmarks.

Detroit has received three tranches of CDBG-DR allocations including \$57.6 million for the June 2021 storm (MI-4607) and a special allocation supplemented the original allocation with \$37.6 million. Another \$346.8 million linked to the August 2023 event (MI-4757).

Public Comment for the Draft Action Plan (Plan) closed on March 29 and HRD has submitted the Plan to City Council which is expected to approve it on May 6. HRD will then package the Plan for submittal to HUD.

HUD typically takes 45-90 days to approve or reject any part of all of the Plan. After HUD’s approval, the City and HUD enter into a Grant Agreement, which may take anywhere from 30-90 days. The City cannot spend ANY of the funds, even on engineering, until the Grant Agreement is executed. They may procure professional services, but cannot be execute a contract nor be re-imbursed retroactively or they will jeopardize the funds.

The Plan calls for the Detroit Building Authority (DBA) is responsible for managing large scale capital construction projects and space planning of city-owned facilities, as well as a portfolio of commercial real estate properties. to execute the proposed stop log and flood wall project. The DBA is a separate body corporate with its own five-person Board of Commissioners, one of which is the Mayor, two are selected by the Mayor and two are selected by City Council. As an authority it can act with some independence outside of traditional City government procedures, including flexibility in procurements. Funds can be transferred from City agencies to the DBA without Council approval, while Council has approval of contracts.

Considerations – At the end of the day, it is important to be diligent and patient, taking the long view in understanding the need to push back against matters that conflict with community interests, while also identifying a cooperative strategy to achieve a preferred outcome the community supports. There are numerous places throughout the process where the community will have the opportunity to continue to oppose the proposed project and influence the expenditure of funds dedicated to removing the floodplain.

Severe cutbacks in Federal agencies may cause delays in HUD’s review, approval and effectuating the Grant Agreement. A delay of even a few months would mean a new Mayor and hopefully, a more cooperative Administration.

In the meantime, the community may choose to

- Engage with and respond to HRD’s messages regarding community/public comments
- Engage with HUD to re-iterate community concerns
- Monitor HUD review and approval
- Monitor DBA procurements and Board actions
- Identify opportunities for political and legal interventions