To authorize the Secretary of Housing and Urban Development to provide disaster assistance to States and units of general government under a community development block grant disaster recovery program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 5, 2017

Mrs. WAGNER introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To authorize the Secretary of Housing and Urban Development to provide disaster assistance to States and units of general government under a community development block grant disaster recovery program, and for other purposes.

1. Be it enacted by the Senate and House of Representa-
   tives of the United States of America in Congress assembled,

2. SECTION 1. SHORT TITLE.

3. This Act may be cited as the “Reforming Disaster

4. Recovery Act of 2017”.

5.
SEC. 2. COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY PROGRAM.

(a) In General.—Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.) is amended by adding at the end the following new section:

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(b) Direct Assistance.—Assistance shall be awarded directly to States and units of general local government at the discretion of the Secretary.

(c) Plan for Use of Assistance.—

(1) Requirement.—Before obligating any funds made available under this section, a grantee shall submit a plan to the Secretary for approval detailing the proposed use of all funds, which shall include—

(A) criteria for eligibility and how the use of such funds will address long-term recovery

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and restoration of infrastructure and housing
and economic revitalization in the most im-
pacted and distressed areas;

“(B) identification of officials and offices
responsible for identifying and recovering duplic-
ate benefits; and

“(C) an agreement to share data with Fed-
eral agencies and other providers of disaster re-

“(2) APPROVAL; DISAPPROVAL.—The Secretary
shall, by regulations issued under section 2(b) of the
Reforming Disaster Recovery Act of 2017, specify
criteria for approval of plans under paragraph (1),
and, if the Secretary determines that a plan does not
meet such criteria, the Secretary shall disapprove
the plan.

“(d) TIMING.—

“(1) DEADLINE FOR ALLOCATION OF
AMOUNTS.—Within 60 days after the enactment of
an Act making funds available for assistance under
this section, the Secretary shall allocate to grantees
all funds provided for assistance under this section
based on the best available data.

“(2) COORDINATION WITH SBA ASSISTANCE.—
The Secretary may not allocate any amounts made
available for assistance under this section for, or provide any grant amounts to, any State or unit of general local government that does not provide such assurances as the Secretary may require that such State or unit of general local government has required its grantees of assistance received under this section to apply to the Small Business Administration for disaster loan programs administered by such Administration for which such grantee is eligible. The Secretary shall consult with the Administrator of the Small Business Administration in carrying out this paragraph.

“(e) Financial Controls.—

“(1) Certification.—As a condition of making any grant, the Secretary shall certify in advance that the grantee has in place proficient financial controls and procurement processes and has established adequate procedures to prevent any duplication of benefits as defined by section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5155), to ensure timely expenditure of funds, to maintain comprehensive websites regarding all disaster recovery activities assisted with such funds, and to detect and prevent waste, fraud, and abuse of funds.
“(2) Review of performance.—In exercising
the Secretary’s obligation and responsibility to re-
view a grantee’s performance, the maximum fea-
sible deference standard under section 570.480(c) of
the Secretary’s regulations (24 C.F.R. 570.480(c))
shall not apply to a grantee’s interpretation of the
statutory and regulatory requirements.
“(f) Use of funds.—
“(1) Grantee and subgrantee administra-
tive costs.—A State or unit of general local gov-
ernment receiving a grant under this section, and a
grantee or subgrantee of such a State or unit of
general local government, may use not more than 5
percent of the amount of grant funds received for
administrative costs.
“(2) Limitation on use.—Amounts from a
grant under this section may not be used for activi-
ties reimbursable by, or for which funds are made
available by, the Federal Emergency Management
Agency, the Army Corps of Engineers, or the Small
Business Administration.
“(3) HUD administrative costs.—Of any
funds made available for use under this section, 5
percent may be used, in aggregate, by the Secretary
for necessary costs, including information technology
costs, of administering and overseeing the obligation and expenditure of amounts made available for use under this section.

“(4) INSPECTOR GENERAL.—Of any funds made available for use under this section, 0.5 percent shall be transferred to the Office of the Inspector General for necessary costs of audits, reviews, oversight, evaluation, and investigations relating to amounts made available for use under this section.

“(5) INDEPENDENT MONITORS.—The Secretary shall require each grantee and subgrantee that receives $10,000,000 or more, in the aggregate, of assistance made available under this section to maintain an independent party to monitor compliance with this section and the regulations issued to carry out this section and any applicable State laws, regulations, and requirements. The costs of providing such an independent monitor shall be considered administrative costs for purposes of this section.

“(g) ADMINISTRATION.—In administering any amounts made available for assistance under this section, the Secretary—

“(1) may not allow a grantee to use any such amounts for any purpose other than the purpose originally approved by the Secretary in the plan sub-
mitted under subsection (c)(1) to the Secretary for use of such amounts, including by any change to the grant agreement;

“(2) shall require each grantee to notify the Secretary in writing, immediately upon completion of all activities identified in the grantee’s plan for use of such amounts that was approved by the Secretary in connection with such grant, that all such activities have been completed;

“(3) shall not make the full amount allocated for a grantee available to such grantee in a single grant, but shall make such amount available through drawdowns from an account established on behalf of the grantee by the Secretary;

“(4) shall require each grantee to administer grant funds in accordance with all applicable laws and regulations; and

“(5) shall prohibit a grantee from delegating, by contract or otherwise, the responsibility for administering grant funds.

“(h) SUBGRANTEES.—

“(1) APPLICABILITY OF GRANTEE STANDARDS AND PROCEDURES.—The Secretary shall apply to subgrantees of grantees of assistance under this section the same standards and procedures for con-
tracting, procurement, and oversight that apply to such grantees.

“(2) TRAINING FOR GRANT MANAGEMENT.— The Secretary shall—

“(A) require each grantee to provide training to all subgrantees regarding requirements for grant management, including eligibility standards, financial management, procurement and recordkeeping; and

“(B) require each subgrantee to certify, upon execution of the subgrant agreement, that the subgrantee has received such training.

“(i) PROCUREMENT.—

“(1) STANDARDS AND PROCEDURES.—Notwithstanding section 200.317 of title 2, Code of Federal Regulations (2 C.F.R. 200.317), each State or unit of general government that receives a grant under this section shall adopt and comply with sections 200.318 through 200.326 of title 2, Code of Federal Regulations (2 C.F.R. 200.318–200.326), and each such State or unit of general government shall require subgrantees to comply with such sections.

“(2) COST/PRICE ANALYSIS.—In procurement of products and services using amounts from a grant under this section, including through modification of
a contract, the Secretary shall require each State and unit of general government receiving a grant under this section to perform a cost or price analysis, which shall involve conducting an independent cost estimate before any bids or proposals are received.

“(3) TECHNICAL ASSISTANCE.—The Secretary shall provide grantees with technical assistance on contracting and procurement processes and shall require grantees, in contracting or procuring these funds, to incorporate performance requirements and penalties into any such contracts or agreements.

“(j) TREATMENT OF CDBG ALLOCATIONS.—Amounts made available for use under this section shall not be considered relevant to the non-disaster formula allocations made pursuant to section 106 (42 U.S.C. 5306).

“(k) WAIVERS.—

“(1) AUTHORITY.—Subject to the other provisions of this section, in administering amounts made available for use under this section, the Secretary may waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary or the use by the recipient of such funds (except for requirements related to fair
housing, nondiscrimination, labor standards, and the
environment) if the Secretary finds that good cause
exists for the waiver or alternative requirement and
such waiver or alternative requirement would not be
inconsistent with the overall purpose of this title.

“(2) NOTICE AND PUBLICATION.—Any waiver
of or alternative requirement pursuant to paragraph
(1) shall not take effect before the expiration of the
30-day period beginning upon the later of—

“(A) the provision of written notification of
such waiver or alternative requirement to the
Congress; or

“(B) the publication of notice in the Fed-
eral Register of such waiver or alternative re-
quirement.

“(3) LOW- AND MODERATE-INCOME USE.—A
waiver pursuant to paragraph (1) may not reduce
the percentage of funds that must be used for activi-
ties that benefit persons of low and moderate income
to less than 50 percent, unless the Secretary specifi-
cally finds that there is compelling need to further
reduce the percentage requirement.

“(4) PROHIBITION.—The Secretary may not
waive any provision of this section pursuant to the
authority under paragraph (1).
“(1) ENVIRONMENTAL REVIEW.—

“(1) ADOPTION.—Notwithstanding subsection (l)(1), recipients of funds provided under this heading that use such funds to supplement Federal assistance provided under section 402, 403, 404, 406, 407, or 502 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) may adopt, without review or public comment, any environmental review, approval, or permit performed by a Federal agency, and such adoption shall satisfy the responsibilities of the recipient with respect to such environmental review, approval, or permit under section 104(g)(1) of this Act (42 U.S.C. 5304(g)(1)).

“(2) RELEASE OF FUNDS.—Notwithstanding section 104(g)(2) of this Act (42 U.S.C. 5304(g)(2)), the Secretary may, upon receipt of a request for release of funds and certification, immediately approve the release of funds for an activity or project assisted with amounts made available for use under this section if the recipient has adopted an environmental review, approval or permit under paragraph (1) or the activity or project is categorically excluded from review under the National Envi-

“(m) DEPOSIT OF UNUSED AMOUNTS IN FUND.—

“(1) IN GENERAL.—Except as provided in paragraph (3), if any amounts made available for assistance under this section remain unobligated upon the earlier of—

“(A) the date that the grantee of such amounts notifies the Secretary, pursuant to subsection (g)(2) of this section, that the grantee has completed all activities identified in the grantee’s plan for use of such amounts that was approved by the Secretary in connection with such grant; or

“(B) the expiration of the 5-year period beginning upon the enactment of the Act making such amounts available, as such period may be extended pursuant to paragraph (2), upon such date or expiration, as applicable, the Secretary shall transfer such unobligated amounts to the Secretary of the Treasury and the Secretary of the Treasury shall cover any such amounts into the Community Development Block Grant Disaster Recovery Reserve Fund established under section 124.
“(2) Extension of period for use of funds.—The period under paragraph (1)(B)—

“(A) shall be extended by 2 years if, before the expiration of such 5-year period, the Secretary causes to be published in the Federal Register notification that such 2-year extension is necessary to allow the grantee to complete all activities identified in the grantee’s plan for use of such amounts that was approved by the Secretary in connection with such grant; and

“(B) as extended pursuant to subparagraph (A), may be extended for an additional period not to exceed 3 years if, before the expiration of such 2-year period under subparagraph (A), the Director of the Office of Management and Budget, upon a request by the Secretary, causes to be published in the Federal Register notification that such additional extension period is necessary to allow the grantee to complete all such activities.

“(3) Exemption for amounts for HUD IG.—Paragraphs (1) and (2) shall not apply to amounts made available to the Inspector General of the Department of Housing and Urban Development.
“SEC. 124. COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY RESERVE FUND.

(a) Establishment.—There is established in the Treasury of the United States an account to be known as the Community Development Block Grant Disaster Recovery Reserve Fund (in this section referred to as the ‘Fund’).

(b) Amounts.—The Fund shall consist of any amounts appropriated to or credited to the Fund, including amounts credited to the Fund pursuant to section 123(n).

(c) Use.—Amounts in the Fund shall be available only for providing assistance under section 123, but only to the extent provided in advance in appropriations Acts.”.

(b) Regulations.—

(1) In general.—Not later than the expiration of the 12-month period beginning on the date of the enactment of this Act, the Secretary of Housing and Urban Development shall issue regulations to carry out sections 123 and 124 of the Housing and Community Development Act of 1974, as added by the amendment made by subsection (a) of this section.

(2) Interim regulations.—

(A) Applicability of CDBG entitlement community regulations.—Until the
regulations issued pursuant to paragraph (1) take effect, the Secretary of Housing and Urban Development shall require each State grantee of assistance from community development block grant disaster recovery funds to comply with the requirements under part 570 of the Secretary’s regulations (24 C.F.R. 570) applicable to entitlement communities.

(B) WAIVER.—The authority under section 123(k) of the Housing and Community Development Act of 1974 (relating to waiver of, and alternative requirements for provisions of statutes and regulations), as added by the amendment made by subsection (a) of this section, shall not apply with respect to the requirement under subparagraph (A) of this paragraph, except that the Secretary may use such authority with respect to regulations specified in subparagraph (A) (only to the extent of the applicability of such regulations pursuant to subparagraph (A)), on a case-by-case and disaster-by-disaster basis.

(3) DEFINITION.—For purposes of this subsection, the term “community development block
grant disaster recovery funds” means any amounts made available in any fiscal year—

(A) for assistance under section 123 of the Housing and Community Development Act of 1974, as added by the amendment made by subsection (a) of this section; or

(B) under the account entitled “Department of Housing and Urban Development—Community Planning and Development—Community Development Fund” for activities authorized under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.) related to disaster relief, long-term recovery, restoration of infrastructure and housing, or economic revitalization in areas affected by a major disaster declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).