



Statement of

Joseph V. Jaroscak
Analyst in Economic Development Policy

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Introduction

Chair Flood, Vice Chair De La Cruz, Ranking Member Cleaver, and Members of the Subcommittee, thank you for the opportunity to testify before you today. My name is Joe Jaroscak. I am an Analyst in Economic Development Policy with the Congressional Research Service (CRS). The role of CRS is to provide objective, nonpartisan research and analysis to Congress. CRS takes no position on the desirability of any specific policy. Any arguments presented in my written and oral testimony are intended to inform Congress, not to advocate for a particular policy outcome.

This CRS testimony will provide an overview of Community Development Block Grants for Disaster Recovery (CDBG-DR) and related issues. Specifically, it will discuss the structure of CDBG-DR administration, its evolution, and potential options for standardizing the federal approach to providing long-term disaster recovery assistance.

CDBG-DR Overview

CDBG-DR is a form of long-term disaster recovery assistance provided at the discretion of Congress through supplemental appropriations.¹ Administered by the Department of Housing and Urban Development (HUD), CDBG-DR funding is intended to support needs not met by other forms of federal disaster assistance, including Federal Emergency Management Agency (FEMA) grants and programs² and Small Business Administration loans.³

CDBG-DR is not a standard federal program with its own standing authorization or regulations. Instead, Congress appropriates CDBG-DR funds through supplemental appropriations acts. These funds, generally, are subject to the conventional HUD Community Development Block Grant (CDBG) program's statutory authority (42 U.S.C. §§5301 et seq.) and regulatory requirements (24 C.F.R. §§570 et seq.). Additionally, the text of CDBG-DR supplemental appropriations provisions typically include specific statutory directives and authorize HUD to establish waivers and alternative requirements as circumstances may require, which can make each instance of CDBG-DR appropriations unique.⁴

Typically, Congress directs HUD to allocate CDBG-DR funds for use in the “most impacted and distressed areas” in jurisdictions with major disaster declarations under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. §§5121 et seq.; Stafford Act)—see for example P.L. 118-158. On a periodic basis, since FY1993, Congress has appropriated, and HUD has allocated, more than \$111 billion in CDBG-DR funds. Nearly \$65 billion of this total has been provided since FY2016.⁵ During this period, Congress also began providing dedicated supplemental CDBG appropriations for certain mitigation activities,⁶ which are included in the totals.

¹ Department of Housing and Urban Development (HUD), *CDBG Disaster Recovery Funds*, <https://www.hudexchange.info/programs/cdbg-dr/>.

² Federal Emergency Management Agency (FEMA), *Get Assistance After a Disaster*, <https://www.fema.gov/assistance>.

³ Small Business Administration (SBA), *Disaster Assistance*, <https://www.sba.gov/funding-programs/disaster-assistance>.

⁴ For a catalog of examples, see HUD, *CDBG-DR Laws, Regulations, and Federal Register Notices*, <https://www.hud.gov/hud-partners/community-cdbg-dr-regulations>.

⁵ HUD, *CDBG Disaster Recovery Grant History 1992-2026*, May 1, 2026, <https://www.hud.gov/sites/dfiles/CPD/documents/CDBG-DR/CDBG-DR-Grant-History-5-1-2026.pdf>.

⁶ HUD, *CDBG Mitigation Funds*, <https://www.hudexchange.info/programs/cdbg-mit/>.

CDBG-DR Processes

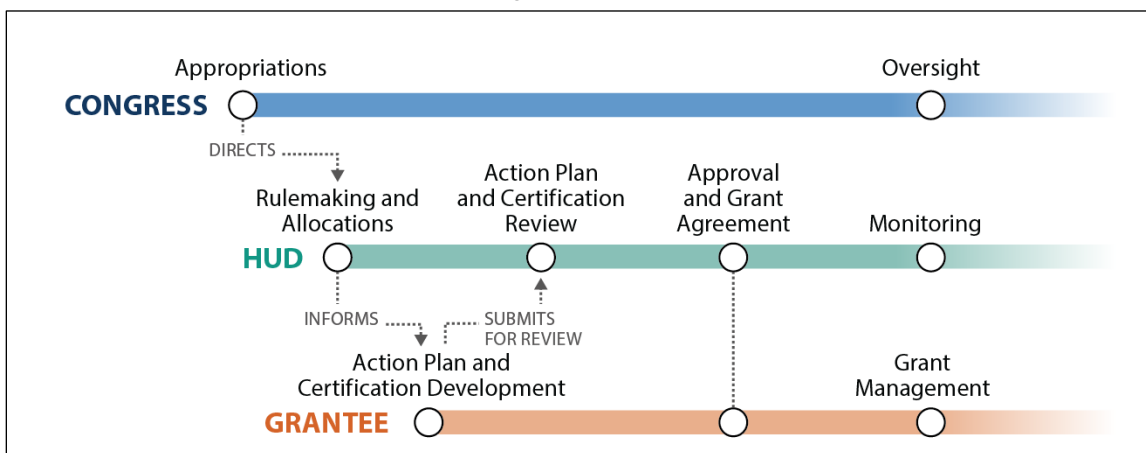
Although directives in appropriations acts and aspects of HUD’s grant administration may vary, the CDBG-DR funding and disbursement cycle typically follows a series of common, general steps, governed by congressional requirements and overarching HUD regulations. The basic steps in the CDBG-DR funding and administration process are listed below:

1. Congress provides funding through a supplemental appropriations act, which defines eligibility and may include specific requirements and directives for the use of funds;
2. HUD sets allocation amounts and establishes rules for the use of funds provided in the corresponding supplemental appropriations act;
3. Eligible grantees (i.e., states, localities, U.S. territories, or federally recognized tribes) draft CDBG-DR action plans and certifications, engage in public participation processes to inform planning, and submit the documents to HUD;
4. HUD reviews and approves action plans and certifications, negotiates grant agreements, and obligates funds;
5. Grantees implement action plans and expend CDBG-DR funds;
6. HUD monitors grantee program activities and expenditures; and
7. Congress conducts oversight.

Figure 1 provides a visual representation of this process.

Figure 1. CDBG-DR Funding and Administration Process

Roles of Congress, HUD, and Grantees



Source: Developed by CRS with publicly available information from HUD.

Note: This figure is meant to provide a generalized view of the CDBG-DR funding and administration process. However, because CDBG-DR does not have a standing authorization or programmatic regulations, some specific aspects of each process could vary.

Use of Funds

Broadly, the conventional CDBG program’s statutory and regulatory eligible activity criteria and requirements (42 U.S.C. §5305 and 24 C.F.R. §570.201) apply to CDBG-DR funds, unless otherwise specified. In supplemental appropriations acts, Congress typically enumerates specific purposes for which

CDBG-DR funds are intended, such as “disaster relief, long-term recovery, restoration of infrastructure and housing, economic revitalization, and mitigation.”⁷

In general, grantees need to demonstrate that a proposed CDBG-DR activity has a direct “tie-back” or connection to the disaster for which funds were provided.⁸ Additionally, CDBG-DR activities must meet one of the conventional CDBG program’s three national objectives:⁹

1. to benefit low- and moderate-income (LMI) persons (primary objective);¹⁰
2. to aid in the prevention or elimination of slums or blight; or
3. to address an urgent need for the purposes of health or safety.

In general, grantees are required to utilize 70% of their funds for activities that principally benefit LMI populations.¹¹ In some cases, HUD has relaxed the LMI requirement to 50%, typically pursuant to authority provided by Congress in a supplemental appropriations act.¹² For the purposes of CDBG-DR, LMI is typically defined as at or below 80% of the area median income.¹³

Selected Oversight Findings and Recommendations

Some analysis suggests that the ad hoc nature and block grant structure of the CDBG-DR process has allowed Congress and HUD to adapt grant requirements to the specific needs of disaster-affected communities. Some other analysis appears to indicate that its structure may have also contributed to challenges in coordination and planning, among others.

The U.S. Government Accountability Office (GAO) has reported instances of protracted CDBG-DR rulemaking periods, inconsistent administrative processes, and funding delays. Some grantees have also expressed concern to GAO regarding the administrative burden of simultaneously managing multiple CDBG-DR grants with differing sets of requirements.¹⁴ Additionally, GAO has highlighted ongoing fraud risk associated with CDBG-DR funds.¹⁵ Some HUD Office of Inspector General (HUD-OIG) audits have identified potential deficiencies in HUD’s grantee guidance, monitoring processes, and grantee data collection, which may pose risks related to improper payments and challenges with preventing or identifying waste, fraud, and abuse.¹⁶

Both GAO and HUD-OIG have recommended broad structural reform to CDBG-DR (or similar federal investments) as a means to provide long-term disaster recovery assistance for unmet needs. Such

⁷ For example, see P.L. 117-43, Division B, Title VIII, “Community Development Fund.”

⁸ HUD, *Community Development Block Grant Disaster Recovery: CDBG-DR Overview*, July 2025, p. 25, <https://www.hud.gov/sites/dfiles/CPD/documents/CDBG-Disaster-Recovery-Overview.pdf>.

⁹ 24 C.F.R. §570.200.

¹⁰ 24 C.F.R. §570.208.

¹¹ 42 U.S.C. §5301(c); 24 C.F.R. §570.200(a)(3).

¹² HUD-OIG, *CDBG-DR Program Generally Met Low- and Moderate-Income Requirements*, Audit Report Number 2023-FW-0001, March 3, 2023, pp. 1, 20, <https://hudoig.gov/sites/default/files/2024-03/2023-fw-0001-508.pdf>.

¹³ HUD, *ACS 5-Year 2011-2015 Low and Moderate Income Summary FAQs*, <https://www.hudexchange.info/programs/acs-low-mod-summary-data/acs-low-mod-summary-data-faqs-2011-2015/>.

¹⁴ U.S. Government Accountability Office, *Disaster Recovery: Better Monitoring of Block Grant Funds Is Needed*, GAO-19-232, March 25, 2019, <https://www.gao.gov/assets/gao-19-232.pdf>.

¹⁵ GAO, *HUD Priority Recommendations*, GAO-25-108045, <https://www.gao.gov/assets/gao-25-108045.pdf>.

¹⁶ HUD-OIG, *Preventing Duplication of Benefits When Using Community Development Block Grant Disaster Recovery and Mitigation Funds*, October 20, 2023, <https://www.hudoig.gov/sites/default/files/2023-10/2024-FW-0001.pdf>; HUD-OIG, *Opportunities Exist for CPD to Improve Collection of Disaster Recovery Grantee Data for Non-Federal Match Activities*, February 28, 2025, https://www.hudoig.gov/sites/default/files/2025-03/2025-fw-0801_508.pdf.

recommendations have included calls for formal statutory authorization by Congress and standardized regulatory codification by HUD.¹⁷

Additionally, GAO and HUD-OIG have recommended that HUD adopt multiple practices related to data collection, program monitoring, and coordination to address concerns about timeliness of expenditure, clarity on requirements, and risk management, among other issues. Recent GAO recommendations to HUD have included, but are not limited to the following:

- establishing data collection and analysis requirements for grantee monitoring on timeliness of housing activities and informing potential corrective actions;
- identifying and assessing CDBG-DR fraud risk and suitability of current fraud controls; and
- identifying and addressing conditions contributing to the fragmentation of CDBG-DR and other forms of federal disaster assistance.¹⁸

Recent HUD-OIG recommendations for HUD have included, but are not limited to the following items:

- including grantees in the fraud risk identification process and communicating to relevant stakeholders on common fraud schemes;
- strengthening data analysis methods that improve HUD’s ability to monitor and address CDBG-DR fraud risk;¹⁹ and
- developing and implementing internal controls to ensure complete and accurate grantee reporting.²⁰

Recent HUD Administrative Reforms

HUD has instituted some measures to standardize CDBG-DR processes within the current framework. On January 8, 2025, HUD published a “Universal Notice” in the *Federal Register* to standardize and clarify the CDBG-DR rulemaking process.²¹ According to HUD, the Universal Notice is a uniform rulemaking document that describes processes, procedures, timelines, waivers, and alternative requirements that can be activated to accompany an Allocation Announcement Notice (AAN). HUD issues AANs whenever Congress provides supplemental appropriations and rulemaking authority for CDBG-DR. The Universal Notice was developed with public input solicited in a December 2022 HUD Request for Information notice in the *Federal Register*. HUD can incorporate the Universal Notice into its AANs, along with any requirements included in the specific supplemental appropriation.²²

HUD’s stated intent in establishing the Universal Notice is to

¹⁷ U.S. Government Accountability Office, *Disaster Recovery: Better Monitoring of Block Grant Funds Is Needed*, GAO-19-232, March 25, 2019, <https://www.gao.gov/products/gao-19-232>; HUD-OIG, *Final Audit Report—HUD’s Office of Block Grant Assistance Had Not Codified the Community Development Block Grant Disaster Recovery Program*, July 22, 2018, p. 20, <https://www.hudoig.gov/reports-publications/report/final-audit-report-huds-office-block-grant-assistance-had-not-codified>.

¹⁸ GAO, *HUD Priority Recommendations*, GAO-25-108045, <https://www.gao.gov/assets/gao-25-108045.pdf>.

¹⁹ HUD-OIG, *Potential Fraud Risks and Schemes for HUD’s Disaster Recovery Funds*, 2026-FW-0002, January 22, 2026, <https://www.hudoig.gov/reports-publications/report/potential-fraud-risks-and-schemes-huds-disaster-recovery-funds>.

²⁰ HUD-OIG, *Opportunities Exist for CPD to Improve Collection of Disaster Recovery Grantee Data for Non-Federal Match Activities*, 2025-FW-0801, February 28, 2025, <https://www.hudoig.gov/reports-publications/report/opportunities-exist-cpd-improve-collection-disaster-recovery-grantee>.

²¹ HUD, “Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees: The Universal Notice,” 90 *Federal Register* 1754-1797, January 8, 2025.

²² 90 *Federal Register* 1754.

provide grantees and the public with increased transparency, consistency, and more timely access to CDBG-DR funds, helping to minimize program delays and accelerate recovery.²³

The Universal Notice outlines the baseline waivers and alternative requirements associated with three key phases of the CDBG-DR grants management process, carried out by grantees, after funds have been appropriated by Congress and allocated by HUD:

1. Action Plan development;
2. financial certification and oversight of funds; and
3. implementation.²⁴

The first AAN subject to the Universal Notice requirements was published on January 16, 2025, and provided allocations for disasters occurring in 2023 and 2024 pursuant to P.L. 118-158.²⁵ HUD amended the Universal Notice on March 19 and March 31, 2025, to conform with several executive orders and a presidential memorandum, and announced a 60-day extension for CDBG-DR grantees that were subject to the initial Universal Notice requirements.²⁶

Prior to establishment of the Universal Notice, HUD took initial steps to standardize CDBG-DR processes by including a “consolidated notice” as an appendix of allocation announcements in the *Federal Register*. HUD adopted this practice for disasters occurring in 2020, 2021, and 2022, as well as selected 2023 disasters.²⁷ The consolidated notice—and its accompanying guidance—outlined uniform CDBG-DR processes and requirements for grantees covered by these allocations and rulemaking. HUD-OIG has argued that that this type of standardized rulemaking approach could provide more clarity for future CDBG-DR grantees—to the extent that rules remain consistent going forward.²⁸

Potential Options and Considerations

In the 119th Congress, some Members of Congress have proposed legislation that would permanently authorize CDBG-DR within HUD (i.e., the Reforming Disaster Recovery Act; H.R. 8291), or establish a similar new program within FEMA to provide for unmet disaster recovery needs (i.e., the Natural Disaster Recovery Program Act of 2025; H.R. 316). Some Members have also introduced legislation with potential additional or alternative approaches, such as assisting states, tribes, and territories in resilience efforts (i.e., Championing Local Efforts to Advance Resilience Act of 2025; CLEAR Act; H.R. 6785).

Authorizing CDBG-DR as a standing program would establish a more direct and permanent role for HUD in federal disaster management. Although HUD currently has disaster management responsibilities, including its administration of CDBG-DR, permanent authorization would formally broaden HUD’s scope in this policy area. Such a change may involve further consideration of HUD’s staffing and

²³ 90 *Federal Register* 1754.

²⁴ HUD, *Universal Notice Covered Grantees*, April 2, 2026, <https://www.hud.gov/stat/cpd/universal-notice-grantees>.

²⁵ HUD, “Allocations for Community Development Block Grant Disaster Recovery and Implementation of the CDBG-DR Consolidated Waivers and Alternative Requirements Notice (UN AAN),” 90 *Federal Register* 4759-4765, January 16, 2025.

²⁶ HUD, *60-Day Extension FAQ for 2023-2024 Disasters Subject to the Universal Notice*, March 2025, <https://www.hud.gov/sites/dfiles/CPD/documents/CDBG-DR/60-Day-Extension-FAQ-23-24-Grantees-UN-English-PDF.pdf>.

²⁷ HUD, *Consolidated Notice Grantees*, <https://www.hudexchange.info/programs/cdbg-dr/consolidated-notice-grantees/#getting-started-with-the-consolidated-notice>.

²⁸ HUD-OIG, *Top Management Challenges Facing the U.S. Department of Housing and Urban Development in FY2023*, November 8, 2022, p. 41, <https://www.hudoig.gov/sites/default/files/2022-11/FY%202023%20Top%20Management%20Challenges.pdf>.

technical capacity to carry out potentially expanded and permanent functions pertaining to disaster mitigation, response, and recovery. Establishing a similar alternative program within FEMA may also necessitate that FEMA enhance its staffing and capacity—particularly as it pertains to housing and community development subject matter expertise and certain aspects of long-term housing recovery assistance.

The structure and features of some existing HUD and FEMA assistance programs could also inform design of a prospective new disaster recovery and mitigation program. For example, as block grant funding, CDBG-DR provides flexibility for grantees in designing programs and activities that are tailored to the local context of their disaster impact and recovery needs. CDBG-DR funds are allocated through a formula that accounts for residual disaster recovery costs that remain after other sources of state administered assistance have been provided. In contrast, FEMA disaster assistance grants are generally provided and approved project by project for specific categories of assistance.

A block grant structure might provide grantees with flexibility to carry out a broad set of recovery programs and activities, and for grantees to adjust their approach to recovery as needs evolve or conditions change. This approach could present challenges with grantee planning process timeframes, program monitoring, performance measurement, and fraud risk management, among other considerations. A project-based program structure may provide a more standardized grants management process with built-in controls to ensure federal grant funds are utilized for their intended purpose; it could also limit programmatic flexibility and adjustments for grantees.

Conclusion

This concludes my prepared remarks. Thank you for the opportunity to testify. I look forward to responding to any questions that you may have. If additional research and analysis related to this issue would be helpful, my CRS colleagues and I are prepared to assist the subcommittee.

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