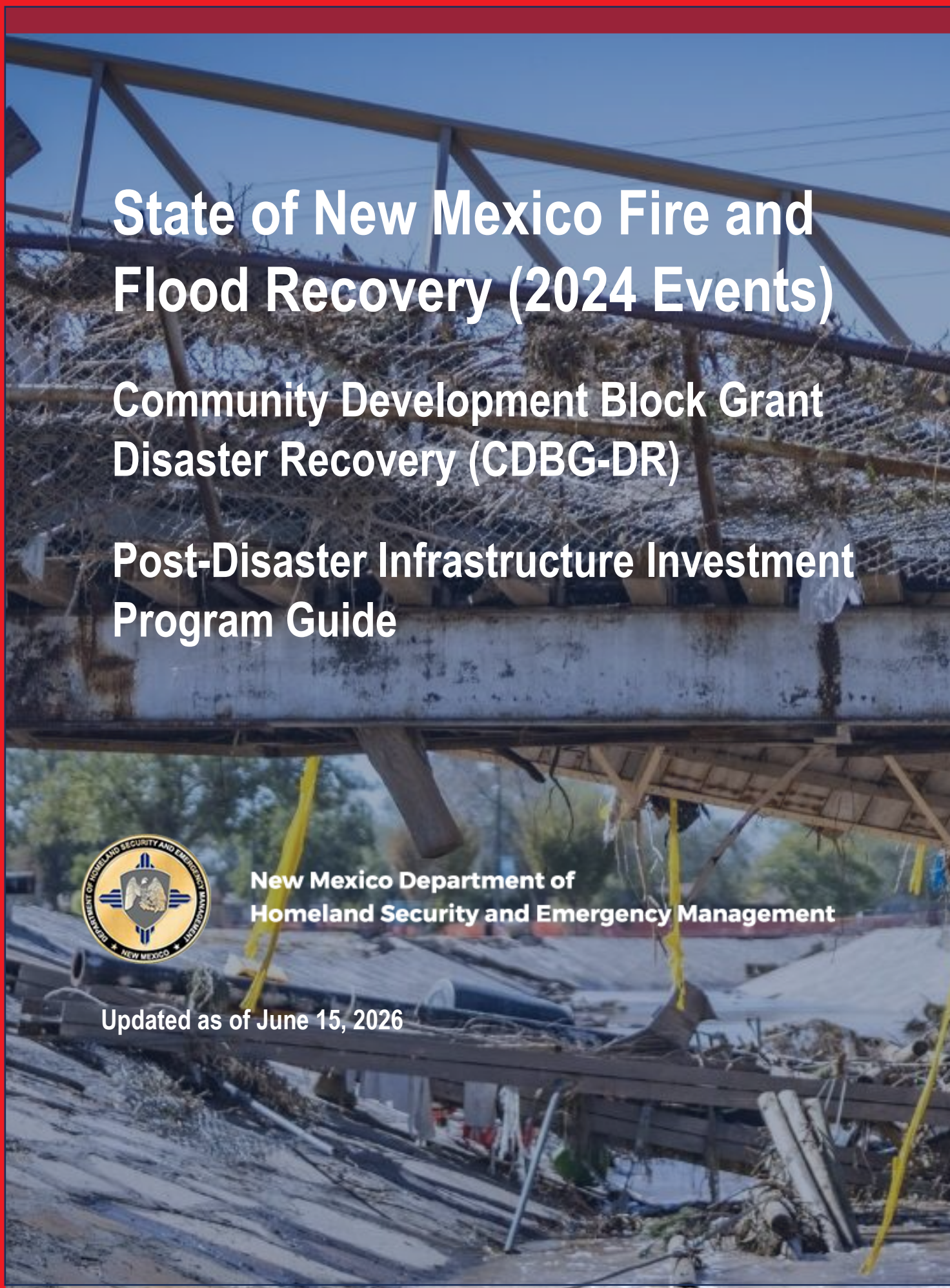

State of New Mexico Fire and Flood Recovery (2024 Events)

Community Development Block Grant Disaster Recovery (CDBG-DR)

Post-Disaster Infrastructure Investment Program Guide

New Mexico Department of
Homeland Security and Emergency Management

Updated as of June 15, 2026

Policy Changes and Updates

All revisions to this document will be recorded in the Policy and Procedures Revision Table below. The table will show the action taken, affected section, revision dates, and publication dates. Major policy changes will result in a new primary version number, such as changing Version 1.0 to Version 2.0. Minor edits, wording changes, or clarifications that do not change the policy will result in a minor version update, such as Version 2.1 or 2.2.

Action	Affected Section	Date of Revision	Date of Publication

Policy clarifications, additions, or deletions may be needed during the operation of the Program to more precisely define the rules by which it will operate. Policy reviews and changes for the State of New Mexico CDBG-DR New Mexico Post-Disaster Infrastructure Investment Program are considered through a change-control process.

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Definitions

100-Year Floodplain – The area subject to inundation from a flood having a one percent or greater chance of being equaled or exceeded in any given year.

500-Year Floodplain – The area subject to inundation from a flood having a 0.2 percent chance or greater of being equaled or exceeded in any given year.

Action Plan – The State of New Mexico's plan for expending Community Development Block Grant – Disaster Recovery (CDBG-DR) funds allocated by the U.S. Department of Housing and Urban Development (HUD), available at dhsem.nm.gov/cdbg-dr2025/.

Allocation Announcement Notice (AAN) – Publication announcing the CDBG-DR Recovery allocations for specific disasters, including waivers and alternative requirements specific to the Appropriations Act that allocated the funding.

Base Flood Elevation (BFE) – The elevation of surface water resulting from a flood that has a one percent chance of equaling or exceeding that level in any given year, as determined by FEMA.

CDBG-DR Income Survey – a survey that subgrantees can use to meet the Low- and Moderate-Income Area Benefit (LMA) National Objective if the project's service area does not meet that criteria using Low- and Moderate-Income Summary Data (LMISD) provided by the federal government. CDBG-DR Income Surveys require the collection of demographic and income information from every home in the proposed service area individually. Templates for this survey will be provided by DHSEM.

Code of Federal Regulations (CFR) – Code of Federal Regulations.

Community Development Block Grant-Disaster Recovery (CDBG-DR) – A grant program administered by the U.S. Department of Housing and Urban Development under Title I of the Housing and Community Development Act of 1974, as amended, to support long-term recovery and resiliency activities in areas affected by Presidentially declared disasters.

Contractor – An entity selected in accordance with applicable federal and state procurement requirements to provide clearly defined goods or services.

Critical Actions – Activities for which even a slight chance of flooding would be too great, due to the potential for loss of life, injury, or damage. Examples include hospitals, emergency shelters, utilities, and facilities that house vulnerable populations.

Cross-Cutting Requirements – Federal statutes, regulations, and executive orders that apply across federally funded programs. These include labor standards, environmental review, fair housing, Section 3, and nondiscrimination laws.

Disaster Recovery Grant Reporting System (DRGR) – A platform developed by HUD for grantees to manage funds, report progress, and ensure compliance for disaster recovery and community development grants. System use purposes include tracking projects, spending, fund requests, and reporting, to support HUD's overall program monitoring.

Duplication of Benefits (DOB) – Occurs when a person, business, or entity receives financial assistance from multiple sources for the same recovery purpose, and the total assistance exceeds the total needed. DOB is prohibited under this Program.

Environmental Review – All qualified projects must undergo an environmental review process. This process ensures that the activities comply with the National Environmental Policy Act (NEPA) and other applicable state and federal laws. For HUD purposes, applicable requirements are found at 24 CFR Part 58.

Federal Register – The official journal of the Federal government of the United States that contains government agency rules, proposed rules, and public notices. It is published daily, except on Federal holidays. A Federal Register Notice (FRN) is issued for each CDBG-DR funded disaster. The FRN outlines the rules that apply to each allocation of disaster funding.

Federal Emergency Management Agency (FEMA) – A component of the U.S. Department of Homeland Security that coordinates federal disaster response and supports state, tribal, territorial, and local recovery, mitigation, and preparedness efforts.

FEMA Public Assistance (PA) – A federal program administered by FEMA that provides supplemental funding to state, tribal, territorial, and local governments, and eligible private non-profits, for disaster recovery, covering eligible costs for debris removal, emergency protective measures, and restoring damaged public infrastructure to pre-disaster conditions.

Flood Insurance – Insurance coverage required under the National Flood Insurance Program, as set forth under the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) for projects located in an area identified by FEMA as being within a Special Flood Hazard Area.

Floodplain – Land area subject to flooding from overflow of inland or tidal waters, rapid accumulation or runoff of surface waters, or mudflow. FEMA designates floodplains as geographic zones subject to varying levels of flood risk. Each zone reflects the severity or type of potential flooding in the area.

Grantee – As used in this document, the Grantee is the State of New Mexico Department of Homeland Security Emergency Management (DHSEM), which was awarded CDBG-DR funds from HUD.

PDIIP (“the Program”) – As used in this Program Guide, refers to the Post-Disaster Infrastructure Investment Program.

Low- and Moderate-Income Area Benefit (LMA) – A CDBG national objective met when an activity primarily benefits low- and moderate-income persons, as defined by HUD. For this Program, the low- to moderate-income (LMI) National Objective is met through the Low- and Moderate-Income Area (LMA) Benefit national objective, as proven using LMI Summary Data (LMISD) or a CDBG-DR income survey.

Income Survey – A survey used to document household income and demographic information within a project service area when HUD-provided LMISD is not sufficient to demonstrate compliance with the Low- and Moderate-Income Area Benefit national objective.

Low- and Moderate-Income (LMI) National Objective – A CDBG national objective met when an activity primarily benefits low- and moderate-income persons, as defined by HUD. For this Program, the LMI National Objective is met through the Low- and Moderate-Income Area Benefit national objective.

Low- and Moderate-Income Summary Data (LMISD) – Data provided by HUD, typically sourced from the U.S. Census Bureau's American Community Survey (ACS), showing how many people in a neighborhood earn below a certain threshold (50% or 80% of the local median). This data is used to ensure Program funds are used to benefit LMI persons or areas.

Mitigation Activities – Actions taken to reduce or eliminate long-term risk to people and property from future disasters, including resilient infrastructure, elevation of facilities, and natural hazard protections.

Most Impacted and Distressed (MID) Areas – Areas identified by HUD or the State using the best available data, as having the greatest disaster-related impacts and recovery needs. For the Post-Disaster Infrastructure Investment Program, MID areas include the HUD-identified MID areas, Chaves and Lincoln Counties; and state-identified MID areas, Mescalero Apache Tribe and Otero, Rio Arriba, and San Juan Counties.

National Flood Insurance Program (NFIP) – A federal program created to provide flood insurance to property owners, renters, and businesses, aiming to reduce flood damage by offering affordable coverage in exchange for communities adopting strict floodplain management regulations.

New Mexico Department of Homeland Security and Emergency Management (DHSEM) – Grantee of the Community Development Block Grant-Disaster Recovery funds from HUD and Administrator of associated programs as set forth under the Action Plan. DHSEM is the authority responsible for administering all long-term disaster recovery funds awarded to New Mexico.

Program Income – Gross income received by a subgrantee directly generated by a CDBG-DR funded activity, as defined in 24 CFR 570.500(a). Examples include loan repayments, proceeds from property sales, and rental income from CDBG-DR funded assets.

Scope of Work – Details the specific tasks, deliverables, timelines, and boundaries of selected projects. The selected project's Scope of Work will be included in the Subgrantee Agreement for that project.

Subgrantee – A local government or political subdivision that receives CDBG-DR funds from DHSEM to implement activities on behalf of the Program, as outlined in the Subgrantee Agreement.

Subrogation – The right of the Grantee to recover funds when a subgrantee or beneficiary later receives duplicative financial assistance for the same eligible cost, damage, or purpose.

Supplanting – The use of CDBG-DR funds to replace funds that a state, local government, or other entity was otherwise required or expected to provide rather than to supplement those funds. Supplanting is not permitted. Example: An organization planned to buy four new vehicles with its own local budget, but after receiving CDBG-DR funds, reallocates the local money to other uses and uses the federal funds for the vehicles instead. This is supplanting because the vehicles would have been purchased with local funds regardless of whether or not CDBG-DR funds were received.

U.S. Department of Housing and Urban Development (HUD) – A government agency that provides affordable housing, community development, and fair housing protections. HUD provides federal oversight for this program.

Unique Entity Identifier (UEI) – A 12-character alphanumeric code used the by U.S. federal government to identify entities doing business with them. The UEI is required for federal grants and contracts, including the Post-Disaster Infrastructure Investment Program, streamlining identification and tracking of funds for subgrantees and Grantees.

Universal Notice – Regulations published by HUD to establish standard requirements, waivers, and alternative procedures applicable to all CDBG-DR and CDBG-MIT grants. The Universal Notice serves as the governing federal framework for program design, financial management, and compliance across all CDBG-DR programs.

1.0 Introduction

1.1 Background

The State of New Mexico experienced two federally declared disasters in 2024. DR-4795-NM was declared on June 20, 2024, in response to the South Fork Fire and Salt Fires; and DR-4843-NM was declared on November 1, 2024, in response to the Severe Disaster and Flood event in Chaves County.

On January 7, 2025, HUD issued an allocation of $137,178,000.00 to the State of New Mexico in CDBG-DR funding. The purpose of CDBG-DR is to support long-term disaster recovery by addressing unmet needs in communities impacted by the 2024 disaster events. Consistent with this purpose, a portion in the amount of $27,319,100.00 is allocated for the Post-Disaster Infrastructure Program.

The Post-Disaster Infrastructure Investment Program provides impacted jurisdictions and other eligible entities with direct capital investments to fund infrastructure projects which are necessary to facilitate long-term recovery and/or watershed stabilization. This Program is designed to support the repair, reconstruction, and long-term resilience of public infrastructure damaged or destroyed by wildfire, flooding, and severe storms which created the post-disaster conditions.

1.2 Authorities

CDBG-DR funding is authorized under Public Law 118-158, the Further Continuing Appropriations and Disaster Relief Supplemental Appropriations Act, 2025 (H.R. 10445-118th Congress (2023-2024). Regulations for this CDBG-DR appropriation are detailed in 90 FRN 4759 and HUD's Universal Notice at 90 FRN 1754, as amended.

The New Mexico Department of Homeland Security and Emergency Management (DHSEM) is the Grantee and responsible entity for managing the CDBG-DR funds. DHSEM manages disaster recovery efforts, including CDBG-DR, in coordination with the New Mexico Department of Finance and Administration (DFA), which is responsible for all annual, non-disaster Community Development Block Grant allocations.

1.3 Program Guide

The Post-Disaster Infrastructure Investment Program Guide establishes Program policies for all components of the Program based on the State's Action Plan and subsequent amendments approved by the HUD. The Action Plan and amendments can be found on the State's recovery website at https://www.dhsem.nm.gov/cdbg-dr2025/.

The Program Guide sets forth the policy governing the Program. Approved Standard Operating Procedures (SOPs) set forth the procedures by which policy will be enacted.

Policies, Guides, and SOPs govern the Program and enforce compliance with applicable federal statutes and regulations; however, none should be considered exhaustive instructions for every potential scenario that the Program may encounter.

This Guide is designed to facilitate infrastructure project funding and associated activities by DHSEM, selected subgrantees, and supporting partners. It also serves as a resource for affected New Mexico residents and other parties interested in understanding how the Program works.

1.4 Exceptions

At times, exceptions to Program policies, guides, or procedures may be warranted. All exception requests are reviewed and adjudicated on a case-by-case basis, at the sole discretion of the DHSEM Bureau Chief, Deputy Cabinet Secretary, and/or Cabinet Secretary (based on the significance of the exception).

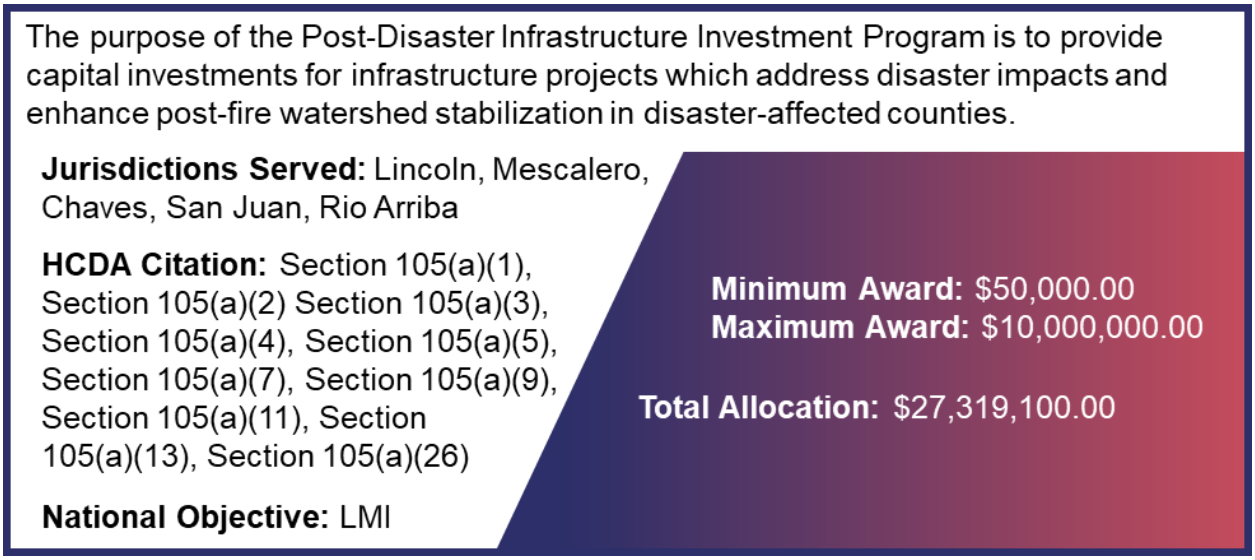
Exceptions may be granted as they relate to Program policy or process. Case-by-case analysis of exception requests will consider an entity's remaining unmet needs and require documentation confirming costs incurred are necessary and reasonable. Exceptions to federal regulations, laws, or statutes shall not be authorized.

Program staff will document exception requests and associated decisions in the Program files. Such documentation will include details of the facts, supporting documentation, applicable Program policies, and a recommendation to approval or denial by the CDBG-DR Bureau Chief, Deputy Cabinet Secretary, and/or Cabinet Secretary, as applicable. A final summary of the exception will be documented and placed in the case file for reference. This summary will include what policy(ies) it pertains to, the date of the review, the findings, and the supervisor approving the exception.

2.0 Program Overview

The PDIIP is funded through the CDBG-DR allocation for DR-4795-NM and DR-4843-NM and has a total program budget of $27,319,100.00. The purpose of the PDIIP is to facilitate infrastructure investments in communities designated as MID areas by HUD, Lincoln County and Chaves County, and designated as MID areas by the State, San Juan County, Rio Arriba County, and Mescalero Apache Tribe. All selected projects must demonstrate that they meet the Low- and Moderate Income (LMI) Area Benefit (LMA) national objective and contribute to resilience efforts in the communities being served.

Figure 1: Purpose of the Post-Disaster Infrastructure Investment Program



The PDIIP is designed to address critical infrastructure needs that are essential to community recovery but are not fully addressed by existing funding sources such as the FEMA Public Assistance (FEMA-PA) program. By targeting projects that require federal cost match or are not otherwise eligible for currently available infrastructure assistance, the Program fills key recovery gaps and supports a comprehensive, community-driven recovery strategy.

The Program will prioritize infrastructure investments that strengthen long-term resilience to future wildfire and flood events, recognizing the growing frequency and severity of these hazards. Through this Program, the state aims to enable strategic infrastructure improvements that facilitate sustainable recovery, support rural and underserved areas, and reinforce the physical and social foundations necessary for long-term community stability.

The PDIIP establishes a dedicated funding source to support critical infrastructure recovery and resilience projects in communities affected by DR-4795 and DR-4843, specifically including HUD-identified MID areas Lincoln County and Chaves County, as well as additional State-identified MID areas, San Juan County, Mescalero Apache Tribe, and Rio Arriba County. Local units of government and political subdivisions (e.g., acequias) are eligible to receive assistance.

Priority will be given to projects in the HUD MID areas of Lincoln and Chaves Counties, as outlined in the state Action Plan approved by HUD, which sets a target of expending at least $13,659,550.00 in the HUD-identified MID areas.

Entities will submit proposals in response to a public Notice of Funding Availability (NOFA) and will be evaluated based on the criteria set forth in Section 4.0. Selected subgrantees will be responsible for project execution and reporting.

2.1 Program Caps on Assistance

The final award amount for each project selected will be determined based on the cost identified in the project proposal. Project budgets should be developed with the PDIIP's minimum and maximum awards in mind.

The minimum award for the PDIIP is **$50,000.00.**

The maximum award for the PDIIP is **$10,000,000.00**.

On a case-by-case basis, considering factors such as the project's impact on public health, safety, welfare, and resilience, the DHSEM State Director may approve construction projects that exceed the maximum award. However, this exception will be used sparingly so that funds can meet the greatest need in disaster-affected areas.

2.2 Universal Notice

The PDIIP has been designed to comply with the applicable requirements of the April 5, 2025, Universal Notice (FR-6489-N-01), which governs the use of CDBG-DR funds and incorporates, supplements, and where applicable waives or modifies the requirements of Title I of the Housing and Community Development Act (HCDA) of 1974 (Public Law 93-383), and HUD regulations at 24 CFR Part 570. The PDIIP also aligns with relevant Allocation Announcement Notices (AANs). The Program's policies incorporate the following required elements and align with the Program commitments outlined in the State of New Mexico Fire and Flood Recovery (2024 Events) CDBG-DR Action Plan.

2.2.1 Required Policies and Procedures (Universal Notice Section III.A.2)

The Program adheres to the general requirements for all CDBG-DR-funded programs, including, but not limited to:

- **Minimizing Displacement and Relocation (Section III.A.2.a):**

  The Program will seek to minimize displacement to the greatest extent feasible; however, certain projects may involve property acquisition or activities that result in relocation. In such cases, DHSEM and any subgrantees will fully comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) at 49 CFR Part 24 and Section 104(d) of the HCDA, including adoption of a Residential Anti-displacement and Relocation Assistance Plan (RARAP), provision of relocation assistance and advisory services, and planning and budgeting for associated costs.

DHSEM and any subgrantees will assess potential displacement during project planning and environmental review, incorporate strategies to avoid or reduce impacts, and ensure accessibility needs of displaced persons with disabilities are met.

- **Mitigation and Resilience (Section III.A.2.b):**

  The Program will, to the extent feasible, integrate mitigation measures and resilience strategies into all CDBG-DR investments, Projects will be encouraged and, where practicable, required to incorporate design features that reduce vulnerability to natural hazards, such as wildfire hardening, floodproofing, stormwater diversion, and hazard-resistant construction standards.

  To the extent feasible, projects will align with the 2023 New Mexico Hazard Mitigation Plan, any local hazard mitigation plans, and other resilience strategies and will be designed and constructed to withstand chronic stresses and extreme weather events. Resilience performance measures will be identified in the DRGR system to demonstrate compliance with HUD requirements and to promote long-term durability of CDBG-DR investments.

  - 2023 New Mexico Hazard Mitigation Plan

    https://www.dhsem.nm.gov/wp-content/uploads/2026/01/2023-State-of-New-Mexico-Hazard-Mitigation-Plan-–-2025-Amendment.pdf

- **Timeliness and Projections (Section III.A.2.c):**

  DHSEM has developed and uploaded quarterly projections for expenditures into the DRGR system. These projections are monitored throughout the Program's lifecycle and publicly posted in accordance with Section III.B.8.a of the Universal Notice. The Program will use these projections to measure performance against planned outputs.

2.2.2 Infrastructure Requirements (Universal Notice Section III.A.4)

As an infrastructure initiative, this Program also complies with Section III.A.4 of the Universal Notice, including:

- **Construction or Rehabilitation of Disaster-Related Systems (III.A.4.(i))**

  The Program supports the repair, reconstruction, and long-term resilience of public infrastructure damaged or destroyed by the wildfire, flooding, and severe storms which created the post-disaster conditions. Eligible activities include road and bridge repair, drainage and stormwater improvements, utility system restoration, acequia restoration, public facility rehabilitation, demolition and clearance, code enforcement, accessibility improvements, flood and fire mitigation measures, public space rehabilitation, and non-federal cost sharing. DHSEM will work with State departments and partners to document wildfire-related impacts, identify unmet needs, and determine associated costs, consistent with HUD's requirements.

- **Operation and Maintenance Planning (III.A.4.(ii))**

  CDBG-DR funds may not be used for ongoing operations, maintenance, or repairs. All funded projects will include a sustainability plan for long-term operation and

maintenance. DHSEM will require subgrantees to designate the responsible entity for ongoing operations and maintenance, document how these costs will be budgeted, and identify the governmental or utility body responsible for ensuring the funded project remains functional over its expected lifespan.

- **Alignment with Hazard Mitigation and Resilience Plans (III.A.4.(iii))**

  To the extent feasible, CDBG-DR funded infrastructure projects will align with objectives outlined in the 2023 New Mexico Hazard Mitigation Plan and any local hazard mitigation plans. Priority will be given to projects that integrate hazard mitigation measures such as wildfire hardening, flood reduction, and emergency preparedness improvements, thereby reducing future risks to New Mexico communities.

  - 2023 New Mexico Hazard Mitigation Plan

    https://www.dhsem.nm.gov/wp-content/uploads/2026/01/2023-State-of-New-Mexico-Hazard-Mitigation-Plan-—-2025-Amendment.pdf

- **Alignment with Other Infrastructure Development Efforts (III.A.4.(iv))**

  The Program will align CDBG-DR infrastructure investments with other federal, state, and local capital improvement plans. Where feasible, DHSEM will coordinate with FEMA Public Assistance and Hazard Mitigation Grant Program efforts, State of New Mexico infrastructure initiatives, and private sector investments to maximize impact and reduce duplication. This coordination ensures CDBG-DR funds complement broader recovery and development efforts and foster opportunities to attract additional funding sources.

- **Duplication of Benefits Framework (III.A.4.(v) & Appendix C of the Universal Notice):**

  The Program will follow the DOB framework outlined in Appendix C of the Universal Notice. DHSEM will also require documentation that no local or state capital improvement funds are already designated for the same activity. Where such funds were previously planned but are no longer available, DHSEM will maintain written justification confirming their unavailability. All subgrantees must execute subrogation agreements to ensure repayment if future duplicative assistance is received.

2.3 Roles and Responsibilities

2.3.1 Grantee

As the Grantee for CDBG-DR funds from HUD for the State of New Mexico, the New Mexico Department of Homeland Security and Emergency Management (DHSEM) is responsible for overall administration, oversight, and compliance of the Program. DHSEM retains ultimate legal, financial, and programmatic responsibility, even when projects are delivered by subgrantees, contractors, or vendors.

Core responsibilities for the Grantee include:

- **Program Planning and Governance**
  - Develop, implement, and maintain Program policies, procedures, forms, and templates that guide Program operations in compliance with HUD requirements and disaster recovery objectives.
  - Establish staffing, systems, and protocols to support Program administration including project intake, compliance review, and monitoring.
- **Program Oversight**
  - Execute formal grant agreements with applicable subgrantees to carry out program-funded projects.
  - Conduct pre-award risk assessments, provide training and technical assistance, and monitor entity performance.
  - Retain oversight, coordination, and compliance.
- **Financial Management**
  - Administer the Program budget and financial processes, including processing draw requests, reviewing expenditures, and reporting through HUD's Disaster Recovery Grant Reporting System (DRGR) in accordance with 2 CFR 200.
  - Ensure subgrantees maintain accurate financial records and comply with allowable cost principles.
- **Environmental Review**
  - Act as the Responsible Entity (RE) for all environmental review activities, as outlined in Section 6.0.
  - Prepare and maintain the official Environmental Review Record (ERR) for each project in accordance with 24 CFR 58.38.
  - Issue written confirmation of environmental clearance to the subgrantee prior to authorization of project implementation.
- **Compliance and Monitoring**
  - Ensure that all projects meet CDBG-DR eligibility and national objective requirements, as defined in Section 3.0.
  - Oversee compliance with cross-cutting federal regulations, including duplication of benefits, procurement, Uniform Relocation Act (URA)/acquisition, environmental review, Davis-Bacon (as applicable), Section 3, fair housing, and civil rights requirements.
  - Monitor Program performance using a risk-based approach, including by completing desk reviews and site visits, and requiring quarterly reporting from subgrantees.
  - Track performance metrics such as milestones achieved, funds disbursed, percent completion by phase, and number of beneficiaries served, with breakouts to track

spending in HUD-designated versus State-designated MID areas.

- Conduct compliance reviews to verify adherence to HUD requirements and Program standards, including environmental clearance, labor standards, procurement, and DOB compliance.
- Take corrective actions when projects do not meet timelines, scope, or compliance standards, which may include increased oversight, withholding funds, or reallocation.

- **Reporting**
  - Maintain accurate Program records in compliance with HUD recordkeeping requirements.
  - Prepare and submit HUD-required reports, including beneficiary data, project outcomes, financial status, and other DRGR submissions.
  - Ensure transparency by posting information, quarterly DRGR performance reports, and financial reporting summaries on the DHSEM CDBG-DR website, https://www.dhsem.nm.gov/cdbg-dr2025/.
- **Program Closeout**
  - Reconcile all expenditures and verify documentation completeness prior to Program closeout.
  - Submit final financial and programmatic reports to HUD.
  - Retain records for at least three (3) years after HUD closeout, or longer if required.

2.3.2 Subgrantees

Subgrantees must be a unit of local government or recognized political subdivision (including acequias) to be eligible for funding. DHSEM and its subgrantees are responsible for carrying out Program-funded projects in compliance with HUD requirements, federal cross-cutting requirements, and DHSEM's Program guidelines.

Core responsibilities for the subgrantee include:

- **Program Implementation**
  - Provide and, as necessary, develop policies and procedures so that all infrastructure activities are completed in compliance with federal regulations.
  - Establish the necessary memoranda, agreements, contracts, and resolutions necessary to execute selected projects.
  - Deliver day-to-day operations of assigned infrastructure projects, including procurement, construction management, contractor oversight, and project reporting.
  - Submit all required documentation as detailed by DHSEM to demonstrate program compliance and work activities.

- **Compliance**
    - Ensure compliance with CDBG-DR requirements, including national objective documentation, duplication of benefits, URA/acquisition, environmental review, Davis-Bacon, Section 3, and procurement rules.
- **Financial Management**
    - Conduct any required procurements in compliance with 2 CFR § § 200 to establish the necessary capacity to complete project work.
    - Track all invoices and proofs of payment to demonstrate funding utilization and work completion in compliance with program requirements.
    - Maintain accurate records of expenditures, contracts, and invoices; submit disbursement requests to DHSEM with required documentation.
- **Recordkeeping and Reporting**
    - Track and report progress, milestones, and beneficiary data in the format requested by DHSEM.
    - Submit quarterly reports to DHSEM in the requested format.
    - Retain records for at least three (3) years after project closeout.
- **Oversight and Accountability**
    - Demonstrate capacity and internal controls prior to subgrantee agreement execution; address monitoring findings or corrective actions in a timely manner.
- **Environmental Review Compliance**
    - Provide all documentation necessary to support DHSEM's environmental review and shall comply with all environmental mitigation conditions imposed as part of environmental clearance. Subgrantees shall not undertake choice-limiting actions prior to written environmental clearance in accordance with 24 CFR § 58.22.

Subgrantees remain legally and financially responsible for all activities under their agreements, even when contractors or vendors are engaged to support project delivery.

2.3.3 Contractors and Vendors

DHSEM and/or Subgrantees may procure contractors, vendors, and professional service providers to support implementation of CDBG-DR infrastructure projects. Contractors and vendors must adhere to federal procurement and performance requirements.

Core responsibilities for vendors include:

- Deliver construction, professional, or technical services per an executed contract with a subgrantee or DHSEM.

- Comply with applicable procurement standards at 2 CFR §§ 200.317-327 and HUD-specific procurement requirements.
- Follow all contract provisions, including those related to Davis-Bacon, Section 3, nondiscrimination, and conflict of interest.
- Submit required documentation such as certified payrolls, invoices, progress reports, and compliance certifications.
- Cooperate with DHSEM and HUD for monitoring and audits, and related requests.

DHSEM and its subgrantees retain oversight authority for all contracted activities and are responsible for ensuring respective contractors comply with Program requirements.

3.0 Program Requirements

3.1 Eligibility Criteria

To be eligible for project funding under the Post-Disaster Infrastructure Investment Program, entities must meet the following minimum eligibility requirements:

- **Disaster Impact.** The project must be located in a HUD-identified MID area, Lincoln County or Chaves County; or be located in a State-identified MID area, San Juan County, Rio Arriba County, or Mescalero Apache Tribe.
- **Local Government or Political Subdivision.** The entity must be a unit of local government or recognized political subdivision (including acequias).
- **LMI Area Benefit.** The entity must propose a project which demonstrates low- and moderate-income area benefit (i.e., at least 51% or more beneficiaries meet LMI thresholds).
- **Cost Reasonableness.** The entity must utilize a reasonable cost method for determining overall project cost.

3.2 Eligible Entities

To be eligible to receive CDBG-DR funding under the Program, subgrantees must meet defined criteria that ensure compliance with HUD regulations and alignment with the State of New Mexico Fire and Flood Recovery (2024 Events) CDBG-DR Action Plan.

Eligible subgrantees under this Program are limited to units of local government and political subdivisions, including acequias. Subgrantees must demonstrate that they have the capacity to implement large-scale infrastructure projects. All listed criteria provided in this section are applicable to eligible governmental entities and political subdivisions.

Subgrantees must (as applicable):

- Be legally established and authorized to operate in the State of New Mexico;
- Possess a valid and current Unique Entity Identifier (UEI);
- Demonstrate capacity to comply with federal requirements under 2 CFR § 200 and CDBG-DR regulations, including financial management, procurement, recordkeeping, and reporting;
- Not be listed on SAM.gov's exclusion list or HUD's Limited Denial of Participation (LDP) list.

3.2.1 Operational and Compliance Criteria

To qualify for funding, a subgrantee must (as applicable):

- Be selected through the competitive NOFA process and receive an award from DHSEM, as demonstrated through an official executed Subgrantee Agreement;
- Demonstrate programmatic and administrative capacity to implement infrastructure projects, including procurement, contract management, and compliance oversight;
- Be current on all federal, state, and local tax obligations;
- Not have unresolved audit findings, pending litigation related to prior federal program participation, or a documented history of noncompliance with federal awards; and
- Demonstrate readiness to proceed with eligible projects, including commitment of all funding sources, planning, permitting, or pre-development documentation, as required.

3.2.2 Geographic Eligibility

All projects must be physically located within one of the following HUD-designated or State-designated MID areas:

- Lincoln County (HUD-designated MID area)
- Chaves County (HUD-designated MID area)
- San Juan County (State-designated MID area)
- Rio Arriba County (State-designated MID area)
- Mescalero Apache Tribe (State-designated MID area)

Prioritization will be given to projects from Lincoln County and Chaves County to maintain compliance with spending targets for HUD-designated MID areas. DHSEM has set a target of spending at least 50% of all allocated PDIIP funds in HUD-designated MID areas ($13,659,550.00).

3.2.3 Participation Limits

Each subgrantee may manage multiple projects, but each project must be independently documented, justified, and approved by DHSEM to ensure compliance with HUD eligibility and national objective requirements. Subgrantees must maintain separate financial accounts, records, and reporting for each project funded under this Program.

3.2.4 Risk Assessment

DHSEM will conduct a risk assessment for each subgrantee to evaluate organizational capacity, staffing, and internal controls. DHSEM may impose additional requirements, such as enhanced reporting or technical assistance, for higher risk subgrantees.

This approach assures that only eligible entities with the capacity to meet federal funding requirements and deliver infrastructure projects are eligible to receive funding under the Program.

3.3 Eligible Activities

All activities funded through the Program must qualify as eligible activities under Section 105(a) of the Housing and Community Development Act of 1974 (HCDA) as amended (42 U.S.C. § 5305), and as defined at 24 CFR §§ 570.201 and 202, or pursuant to an applicable waiver or alternative requirement established by HUD through the April 5, 2025, CDBG-DR Universal Notice, Allocation Announcement Notices, or a Grantee-specific waiver approved by HUD.

3.3.1 Eligible Activity Citation

The following sections of the HCDA provide the statutory basis for eligible program activities:

3.3.1.1 Section 105(a)(1): Acquisition of Real Property

Acquisition, by purchase, long-term lease, donation, or otherwise, of real property for any public purpose, including acquisition for public facilities, infrastructure, housing, or other eligible activities.

3.3.1.2 Section 105(a)(2): Public Facilities and Improvements

Acquisition, construction, reconstruction, rehabilitation, or installation of public facilities and improvements, including, but not limited to:

- Water and sewer facilities
- Streets, drainage, and transportation infrastructure
- Neighborhood centers and public buildings
- Utility infrastructure and associated site improvements
- This includes design, engineering, and related project delivery costs.

3.3.1.3 Section 105(a)(3): Code Enforcement

Activities to enforce state and local codes (including housing, building, and zoning codes), including salaries and overhead costs, for the purpose of:

- Preventing or eliminating slums or blight; or
- Addressing conditions that pose a threat to public health and safety

3.3.1.4 Section 105(a)(4): Clearance, Demolition, Removal, Reconstruction, and Rehabilitation

Activities to:

- Clear, demolish, and remove buildings and improvements;
- Reconstruct, rehabilitate, or repair structures;

- This includes activities necessary to eliminate slums or blight or to address disaster-related damage.

3.3.1.5 Section 105(a)(5): Architectural Barrier Removal

- The removal of material and architectural barriers that restrict the mobility and accessibility of elderly persons and persons with disabilities in:
- Public buildings and facilities
- Privately owned buildings open to the public

3.3.1.6 Section 105(a)(7): Disposition of Real Property

Disposition (through sale, lease, donation, or otherwise) of real property acquired with CDBG funds, including property acquired for redevelopment or public purposes.

3.3.1.7 Section 105(a)(9): Payment of Non-Federal Share

Payment of the non-Federal share required in connection with other federal grant-in-aid programs undertaken as part of eligible CDBG-DR activities, including infrastructure and public facility projects.

3.3.1.8 Section 105(a)(11): Relocation Payments and Assistance

Provision of relocation payments and assistance for:

- Individuals and families
- Businesses
- Nonprofit organizations
- Farm operations
- displaced by activities carried out with CDBG-DR funds, in accordance with applicable federal requirements (including the Uniform Relocation Assistance and Real Property Acquisition Policies Act, as applicable).

3.3.1.9 Section 105(a)(13): Payment of Reasonable Administrative Costs

Payment of reasonable administrative costs related to the planning and execution of CDBG-DR activities, including:

- General management and oversight
- Financial management
- Reporting and compliance
- Environmental review and monitoring
- Subject to applicable regulatory caps and Federal Register requirements.

3.3.1.10 Section 105(a)(26): Lead-Based Paint Hazard Evaluation and Reduction

Activities to evaluate and reduce lead-based paint hazards, including:

- Inspection and risk assessment
- Testing and hazard identification
- Abatement, interim controls, and related activities in residential properties assisted with CDBG-DR funds. All project proposals must identify the eligible activity citation relevant to their project.

3.3.2 Eligible Activities

Eligible activities under the PDIIP are categorized into three primary buckets:

- **Public Infrastructure Rehabilitation**: Repair and restoration of damaged public infrastructure to restore essential services and support long-term community resilience.
- **Public Infrastructure Replacement or New Construction:** Construction or full replacement of critical infrastructure elements where damage is severe or systems are outdated, with a focus on resilience and hazard mitigation.
- **Community Enhancement and Hazard Mitigation**: Infrastructure investments for facilities, projects, and other features that reduce future disaster risk, promote community resilience, and support recovery in underserved or vulnerable areas.

Additional details regarding potentially eligible activities are provided below in *Table 1.* This is not an all-inclusive list, and activities not included in the table below will be reviewed against program requirements to determine eligibility.

Table 1: Eligible Activities for Post-Disaster Infrastructure Investment Program

Road and Bridge Repair	Repairing or replacing damaged roads, bridges, and related transportation infrastructure to restore mobility and emergency access.
Drainage and Stormwater Improvements	Enhancing or repairing drainage systems, levees, waterways, culverts, and stormwater infrastructure to mitigate future flood risk and protect public safety.
Utility System Restoration	Restoring or upgrading water, wastewater, and electrical systems impacted by disaster to ensure continued service delivery.
Acequia Restoration	Rehabilitating damaged acequias, including debris removal and structural repairs, to support functionality of acequia infrastructure.
Public Facility Rehabilitation	Constructing, repairing, or restoring community facilities (e.g., community centers, public safety buildings, health facilities) that serve disaster-affected populations.
Demolition and Clearance	Removing unsafe or deteriorated public structures to eliminate hazards and support redevelopment.

Code Enforcement	Supporting code enforcement under new local regulations, to make public facilities more resilient in disaster-impacted areas to prevent deterioration and promote recovery.
Accessibility Improvements	Enhancing public infrastructure to improve accessibility for individuals with disabilities, in compliance with ADA standards.
Flood and Fire Mitigation Measures	Installing protective infrastructure which facilitate watershed restoration, mitigation projects, or other measures in service to disaster-affected communities.
Public Space Rehabilitation	Rehabilitating or enhancing plazas, parks, and town centers that serve as economic, cultural, and social hubs in disaster-affected communities.
Non-Federal Cost Share	Covering the non-federal match requirement for FEMA, NRCS, or other federally funded infrastructure projects eligible under CDBG-DR guidelines.

3.4 Ineligible Activities

While the PDIIP provides flexibility to meet critical infrastructure needs, all activities must comply with CDBG-DR regulations and demonstrate a clear connection to disaster recovery. Certain uses of funds are explicitly prohibited to ensure compliance with federal requirements and to maintain the Program's focus on public benefit and long-term resilience. Ineligible activities are summarized in *Table 2* below.

Table 2: Ineligible Activities for Post-Disaster Infrastructure Investment Program

Buildings for the General Conduct of Government	Construction, rehabilitation, or furnishing of government buildings used for general operations (e.g., city halls, courthouses) is not allowed. Note: Removal of architectural barriers for ADA accessibility is permitted.
General Government Expenses	Routine costs related to local government operations, such as salaries, administrative functions, or operating budgets, are not eligible.
Political Activities and Lobbying	CDBG-DR funds may not be used to support political campaigns, lobbying, or partisan activities.
Purchase of Equipment	Equipment purchases are generally ineligible, unless essential to a public service or necessary for the administration of a CDBG-funded activity (e.g., temporary generators during project implementation).
Operating and Maintenance Costs	Funds cannot be used for ongoing operating expenses or maintenance of public infrastructure, facilities, or services (e.g., utility bills, janitorial services, landscaping).

Direct Income Payments	The Program does not allow direct financial payments to individuals, including cash grants, housing stipends, or down payment assistance, under infrastructure program activities.

3.5 Disaster Tieback

All projects funded under the Program must demonstrate a clear and documented tieback to the Presidentially declared disasters DR4795 or DR4843, consistent with HUD CDBGDR requirements. Tieback is a threshold eligibility criterion, and projects that do not sufficiently establish this connection will not be considered for funding. To be eligible, a project must address a disaster-related impact, unmet recovery need, or documented vulnerability identified in the State's CDBGDR Action Plan or unmet needs assessment.

Entities must provide a tieback justification supported by adequate documentation demonstrating that the proposed activity:

- Repairs, replaces, or restores infrastructure damaged by the disaster (direct tieback);
- Addresses conditions caused or exacerbated by the disaster, including system failures, loss of service, or increased risk (indirect tieback); or
- Implements mitigation measures designed to reduce the risk of future damage or disruption from hazards of the type experienced during DR4795 or DR4843, where such risks or vulnerabilities are identified through post-disaster assessments, hazard data, or the unmet needs analysis.

Projects are not required to be included in or eligible for FEMA Public Assistance (PA) to qualify for funding under this Program. Infrastructure activities that were not damaged, not captured in FEMA PA, or are otherwise ineligible for FEMA funding may still be eligible if they address documented disaster-related vulnerabilities or unmet mitigation needs and can demonstrate a clear connection to the disaster event.

Examples of eligible mitigation-focused projects may include, but are not limited to:

- Upsizing or redesigning drainage systems to address flooding conditions observed during or after the disaster;
- Hardening or relocating infrastructure systems that experienced failure or disruption;
- Constructing protective features (e.g., flood control, erosion stabilization) to reduce risk to critical assets;
- Implementing resilience improvements that address documented hazards revealed or worsened by the disaster, even where no direct physical damage occurred.

3.5.1 Acceptable Documentation

Sufficient documentation must be provided to demonstrate the project's role in supporting long-term post-disaster recovery. Acceptable forms of documentation include, but are not limited to:

- FEMA damage assessments or project worksheets (if applicable);
- Engineering, hydrologic, or condition assessment reports;
- Local or State damage assessments and planning documents developed in response to the disaster;
- Hazard mitigation plans, flood studies, or risk assessments;
- Geographic or hazard data (e.g., GIS mapping, modeling);
- Photographs, inspection records, or other verifiable evidence of disaster impacts or vulnerabilities.

Projects that do not demonstrate a clear, evidence-based linkage to disaster impacts, unmet recovery needs, or documented hazard risks resulting from DR4795 or DR4843 shall be deemed ineligible. General infrastructure improvements based solely on routine maintenance or future growth, without a demonstrated disaster connection, are not eligible for funding under this Program.

3.6 Low- and Moderate-Income Area (LMA) Benefit National Objective

In alignment with CDBG-DR's requirement to dedicate at least 70% of Program funding to benefit Low- and Moderate-Income (LMI) populations, the PDIIP exclusively funds projects that demonstrate LMI Area Benefit (LMA), pursuant to 24 CFR § 570.483(b)(1).

3.6.1 Low- and Moderate-Income Area Benefit (LMA)

To qualify under the LMA national objective, a project must:

- Be located in, or provide services to, an area where at least 51% of residents are LMI, as determined by HUD's Low- and Moderate-Income Summary Data (LMISD) or a HUD-approved income survey; and
- Provide services or access that are broadly available to all residents within the service area, without exclusion.

Examples of infrastructure qualifying under LMA include:

- Road or bridge improvements serving primarily LMI neighborhoods;
- Water, sewer, or drainage improvements benefiting an LMI service area;

- Acequia repair or restoration benefiting an LMI service area; and
- Construction of an emergency shelter or fire station serving an LMI community.

3.6.2 Determining a Project's Service Area

An LMA-eligible service area is evaluated based on the beneficiary data for residents who are expected to benefit from the CDBG-DR project. Depending on the type of project, the service area may be very small, such as a single street or neighborhood acequia, or much larger, potentially including multiple jurisdictions for major infrastructure projects.

Entities submitting proposals to the PDIIP must clearly identify and explain a project's service area. Technical assistance and templates will be available to all entities submitting proposals, as needed to assist with this important project design aspect.

The following considerations (*Table 3)* must be made when making a determination regarding the service area:

Table 3: Considerations for Determining LMA Service Area

Nature of the Activity	The size and scope of the activity should be taken into consideration. For example: a small acequia would not be expected to serve a large community. In the same way, a large community plaza that can accommodate a considerable number of people would not be expected to serve just the immediately adjacent properties. The same applies to improvements or assistance to a small two-lane street versus an arterial four-lane street within the same neighborhood. The service area for each of these infrastructure projects will be different in size and population.
Location of the Activity	The immediate area surrounding a facility or improvement is expected to be included in the service area. Additionally, when a facility is located near the boundary of a particular block group, its service area could likely include portions of the adjacent block groups as well as the one in which it is located. If the service area is smaller than a block group, beneficiary data may be collected as an option of last resort via HUD-approved income survey, provided in Appendix B of the Post-Disaster Infrastructure Investment Program Proposal Template.
Accessibility	Geographic barriers can separate and exclude people living in a nearby area from taking advantage of an infrastructure project. Other limits to accessibility can include access fees, language impediments, time or duration that an activity is available, access to transportation and parking, etc.

Availability of Comparable Activities	Comparable activities within the service area should be taken into account so that the service area does not overlap with the service area of another comparable activity.
Boundaries for Facilities and Public Services	The service area for some public facilities and services is determined based on specified and established boundaries or districts. Examples of such services and facilities are police precincts, fire stations, and schools.

3.6.3 National Objective Documentation and Compliance

DHSEM is responsible for verifying that each funded activity meets an eligible national objective and for maintaining complete documentation in accordance with HUD recordkeeping standards. Each subgrantee agreement will specify the project service area, required documentation, and the compliance timeline.

National objective compliance will be:

- Verified prior to project approval;
- Monitored during project implementation; and
- Reconfirmed at project closeout.

Failure to meet a national objective may result in recapture of funds. DHSEM will provide technical assistance to subgrantees as needed to ensure consistent compliance.

3.6.4 Required Documentation:

- Service area map or written description;
- Low- and Moderate-Income Summary Data (LMISD) confirmation or income survey data; and
- Narrative explaining how the infrastructure benefits the service area.

3.7 Citizen Participation Plan

Pursuant to Universal Notice, each subgrantee must follow citizen participation processes, consistent with the requirements set forth in 24 CFR § 570.486.

Community outreach and public comment periods should further reference and operate in accordance with the Citizen Participation Plan set forth in the State of New Mexico Fire and Flood Recovery (2024 Events) CDBG-DR Action Plan. Each entity certifies, by signing SF-424, that it has and will comply with the requirements of the State of New Mexico Citizen Participation Plan.

All proposals for the PDIIP must include a Citizen Participation Plan that demonstrates the entity's capacity and intent to conduct a public comment period.

If selected for funding, subgrantees for the PDIIP will be required to maintain a citizen participation file tracking completion of the following:

1. The Citizen Participation Plan included in the project proposal, with any relevant files (e.g., notices via newspapers or websites, public meeting minutes, attendance lists) demonstrating that operations were done pursuant to that Citizen Participation Plan. See Subsection 3.7.1 below.
2. Complaint processing procedures (either in the Citizen Participation Plan or consistent with public regulations). See Subsection 3.7.1 below.
3. Conduct the first of two mandatory public hearings within 60 days of receiving a Notice of Intent to Fund. See Subsection 3.7.2 below.
4. Conduct the second of two mandatory public hearings when 50% of the project is completed. See Subsection 3.7.3 below.

Citizen participation and public comment periods will begin immediately following the Notice of Intent to Fund, after the Evaluation Committee reviews project submissions to the PDIIP for consideration.

3.7.1 Subgrantee Citizen Participation Plan

All PDIIP project proposals must include a subgrantee Citizen Participation Plan to facilitate compliance with 24 § CFR 570.486. DHSEM will provide a template option (see Appendix C of the PDIIP Proposal Template) that can be utilized. Entities may also submit existing Citizen Participation Plans adopted by their jurisdictional or organizational authority or develop a Citizen Participation Plan. All Citizen Participation Plans must provide clear processes for public notice and comment on the activities proposed for the use of Program funds. Citizen Participation plans should:

- Provide for and encourage citizen participation, particularly by low- and moderate-income persons who reside in areas in which CDBG-DR funds are proposed to be used;
- Ensure that citizens will be given reasonable and timely access to local meetings, information, and records relating to an entity's proposed and actual use of CDBG-DR funds;
- Furnish citizens with information including, but not limited to:
    - The amount of CDBG-DR funds for which the subgrantee intends to apply;
    - The range of activities that may be undertaken with CDBG-DR funds;
    - The estimated amount of the CDBG-DR funds proposed to be used for activities that will meet the national objective of benefit to low- and moderate-income (LMI) persons; and
    - If applicable, the proposed CDBG-DR activities likely to result in displacement and the entity's anti-displacement and relocation plan.

- Provide citizens with at least 30-days' notice of, and opportunity to comment on, proposed activities in a proposal to the state and, for grants already made, activities which are proposed to be added, deleted, or substantially changed from the entity's proposal to the state. "Substantially changed" means changes made in terms of purpose, scope, location, or beneficiaries as defined by criteria established by the state; and
- Be accomplished through one or more of the following methods:
    - Publication of notice in a local newspaper – a published newspaper article may also be used so long as it provides sufficient information regarding Program activities and relevant dates;
    - Notices prominently posted in public buildings and distributed to local Public Housing Authorities and other interested community groups;
    - Posting of notice on the local entity website (if available);
    - Public Hearing; or
    - Individual notice to eligible cities and other entities as applicable using one or more of the following methods:
        - Certified mail
        - Electronic mail or fax
        - First-class (regular) mail
        - Personal delivery (e.g., at a Council of Governments meeting)

The subgrantee must also have written citizen complaint procedures that provide a timely written response (within 15 working days) to complaints and grievances. The subgrantee may also choose to adopt the State's complaint procedures as their own. The DHSEM complaint process is outlined in section 6.8 of the Action Plan.

Along with the project proposal, the entity must submit any notices of public hearings that relate to the administration of DR-4795 and DR-4843 CDBG-DR funds that are provided.

3.7.2 Mandatory Public Comment Following Notice of Intent to Fund

After the Evaluation Committee completes the review and evaluation of submitted proposals, entities who submitted the highest-ranking projects will receive a Notice of Intent to Fund. This notice serves to make the entity aware that, pending completion of environmental review and a 30-day public comment period, DHSEM plans to fund the project through PDIIP funds.

After receiving a Notice of Intent to Fund, the entity must conduct a 30-day public comment period with at least one public hearing for citizens to provide feedback. The entity must complete the public comment period within 60 days of receiving the Notice of Intent to Fund. If the public comment period is not completed within 60 days, the subgrantee may relinquish its award, at which point the Evaluation Committee will move to the next highest ranked project for notification and award.

The public comment period should follow the processes set forth in the Citizen Participation Plan submitted in the project proposal. The public comment period must include at least one public hearing. For each public hearing scheduled and conducted relating to the PDIIP and PDIIP-funded projects, the subgrantee should furnish citizens information including, but not limited to:

- The amount of CDBG-DR funds supporting the project;
- The range of activities that may be undertaken with PDIIP funds;
- The estimated amount of PDIIP funds proposed to be used for activities that will meet the national objective of benefit to LMI persons; and
- As applicable, if the proposed PDIIP activities likely to result in displacement and the unit of general local government's anti-displacement and relocation plans required under 24 CFR § 570.488.

Public notice of any hearing must be published at least seventy-two (72) hours prior to the scheduled hearing. The public notice must be published in a local paper. Each public notice must include the date, time, location, and topics to be considered at the hearing. A published newspaper article may also be used to meet this requirement so long as it satisfies all content and timing requirements. Notices must also be prominently posted in public buildings and distributed to local Public Housing Authorities and other interested community groups.

Each public hearing shall be held at a time and location convenient to potential or actual beneficiaries and will include accommodation for persons with disabilities. Persons with disabilities must be able to attend the hearings, and the entity must make arrangements for individuals who require auxiliary aids or services if contacted at least 2 days prior to each hearing.

When a considerable number of non-English speaking residents can be reasonably expected to participate in a public hearing, an interpreter will be present to accommodate the needs of the non-English speaking residents.

Entities may conduct a public hearing via webinar if they adhere to the provisions of this section. If the webinar is used to conduct a public hearing, a physical location with associated reasonable accommodations must be made available, to ensure that those individuals without the necessary technology are able to participate.

3.7.3 Citizen Participation Requirements Post-Award

Subgrantees must also maintain compliance citizen participation post-award by holding at least one other public hearing at a different stage of the project than the initial public hearing, per 24 CFR § 570.486(5)

The subgrantee is highly encouraged to hold a public hearing any time a substantial change in use of Program funds from one eligible activity to another is proposed. Upon completion of Program activities, the subgrantee is also encouraged to hold a public hearing and review its Program performance, including the actual use of Program funds.

If applicable, the locality must retain documentation of the hearing notice(s), attendance lists, minutes of the hearing(s), and any other records concerning the actual use of funds. The entity's Record Retention Policy (regarding federal grants) must include language that complies with this statement: "HUD regulations generally require your community to retain all its grant-related documentation for 3 years from the date HUD closes its related disaster grant to the state of New Mexico. As the state grant remains open, DHSEM will notify your office once it has closed."

Such records must be made available to the public in accordance with the New Mexico Open Meetings Act (OMA), found in sections 10-15-1 to 10-15-4 NMSA 1978. The entity must submit all notices of any public hearings or requests for public comment that the entity may have that relate to the administration of Program funds provided.

Subgrantee Plan Requirements include the following:

3.7.4 Outreach Efforts

Provide for reasonable public notice, appraisal, examination, and comment on the activities proposed for the use of Program funds. These outreach efforts shall:

- Provide for and encourage citizen participation, particularly by low- and moderate-income persons who reside in areas in which CDBG-DR funds are proposed to be used;
- Ensure that citizens will be given reasonable and timely access to local meetings, information, and records relating to an entity's proposed and actual use of CDBG-DR funds;
- Furnish citizens with information including, but not limited to:
    - The amount of CDBG-DR funds for which the subgrantee intends to apply;
    - The range of activities that may be undertaken with CDBG-DR funds;
    - The estimated amount of the CDBG-DR funds proposed to be used for activities that will meet the national objective of benefit to low- and moderate-income (LMI) persons; and
    - If applicable, the proposed CDBG-DR activities likely to result in displacement and the entity's anti-displacement and relocation plan.
- Provide citizens with at least 30-days' notice of, and opportunity to comment on, proposed activities in a proposal to the state and, for grants already made, activities which are proposed to be added, deleted, or substantially changed from the entity's proposal to the state. "Substantially changed" means changes made in terms of purpose, scope, location, or beneficiaries as defined by criteria established by the state; and
- Be accomplished through one or more of the following methods:
    - Publication of notice in a local newspaper – a published newspaper article may

also be used so long as it provides sufficient information regarding Program activities and relevant dates;

- Notices prominently posted in public buildings and distributed to local Public Housing Authorities and other interested community groups;
- Posting of notice on the local entity website (if available);
- Public Hearing; or
- Individual notice to eligible cities and other entities as applicable using one or more of the following methods:
  - Certified mail
  - Electronic mail or fax
  - First-class (regular) mail
  - Personal delivery (e.g., at a Council of Governments meeting)

Along with the project proposal, the entity must submit any notices of public hearings that relate to the administration of DR-4795 and DR-4843 CDBG-DR funds that are provided.

3.7.5 Public Hearing Provisions

For each public hearing scheduled and conducted by a Program applying entity or subgrantee, the following public hearing provisions shall be observed:

- Furnish citizens information, including but not limited to:
- The amount of CDBG-DR funds available per project proposal for the PDIIP;
- The range of activities that may be undertaken with PDIIP funds;
- The estimated amount of PDIIP funds proposed to be used for activities that will meet the national objective of benefit to LMI persons; and
- The proposed PDIIP activities likely to result in displacement and the unit of general local government's anti-displacement and relocation plans required under 24 CFR 570.488.

Public notice of any hearing must be published at least seventy-two (72) hours prior to the scheduled hearing. The public notice must be published in a local paper. Each public notice must include the date, time, location, and topics to be considered at the hearing. A published newspaper article may also be used to meet this requirement so long as it satisfies all content and timing requirements. Notices must also be prominently posted in public buildings and distributed to local Public Housing Authorities and other interested community groups.

Each public hearing shall be held at a time and location convenient to potential or actual beneficiaries and will include accommodation for persons with disabilities. Persons with disabilities must be able to attend the hearings, and the entity must make arrangements for

individuals who require auxiliary aids or services if contacted at least 2 days prior to each hearing.

When a considerable number of non-English speaking residents can be reasonably expected to participate in a public hearing, an interpreter will be present to accommodate the needs of the non-English speaking residents.

Entities may conduct a public hearing via webinar if they adhere to the provisions of this section. If the webinar is used to conduct a public hearing, a physical location with associated reasonable accommodations must be made available, to ensure that those individuals without the necessary technology are able to participate.

3.7.6 Complaint Procedures

The entity/subgrantee must have written citizen complaint procedures that provide a timely written response (within 15 working days) to complaints and grievances. Citizens must be made aware of the location and the days and hours when the location is open for business so that they may obtain a copy of these written procedures. The entity/subgrantee may also choose to adopt the State's complaint procedures as their own. The DHSEM complaint process is outlined in section 6.8 of the Action Plan.

3.7.7 Technical Assistance

When requested, the entity/subgrantee shall provide technical assistance to groups representative of LMI persons in developing proposals for Program funds. The level and type of assistance shall be determined by the entity/subgrantee based on the specific needs of the community's residents.

3.7.8 Citizen Participation Requirements

The following citizen participation requirements must be met in the event that the entity receives funding from the Program:

- The locality is highly encouraged to hold a public hearing any time a substantial change in use of Program funds from one eligible activity to another is proposed. DHSEM will determine when a change is substantial.
- Upon completion of Program activities, the locality is encouraged to hold a public hearing and review its Program performance, including the actual use of Program funds.
- If applicable, the locality must retain documentation of the hearing notice(s), attendance lists, minutes of the hearing(s), and any other records concerning the actual use of funds. The entity's Record Retention Policy (regarding federal grants) must include language that complies with this statement: "HUD regulations generally require your community to retain all its grant-related documentation for 3 years from the date HUD closes its related disaster grant to the state of New Mexico. As the state grant remains open, DHSEM will notify your office once it has closed."

Such records must be made available to the public in accordance with the New Mexico Open Meetings Act (OMA), found in sections 10-15-1 to 10-15-4 NMSA 1978. The entity must submit all notices of any public hearings or requests for public comment that the entity may have that relate to the administration of Program funds provided.

3.8 Flood Control Structure Requirements

Pursuant to HUD's CDBG-DR requirements, funds may only be used to repair or rehabilitate flood control structures (dams and levees) under strict conditions. Specifically, such structures must be registered with the U.S. Army Corps of Engineers (USACE) National Levee Database or National Inventory of Dams, admitted into the USACE PL 84-99 Rehabilitation Program, and accredited under FEMA's National Flood Insurance Program (NFIP). In addition, grantees must document risk-reduction measures and enter structural information into DRGR.

3.9 Limitation on Use of Funds for Eminent Domain

Eminent domain is the government's power to seize private property for public use, even without the owner's consent, provided just compensation is paid, as guaranteed by the Fifth Amendment. CDBG-DR funds may not be used to support projects that rely on the use of eminent domain unless the acquisition is solely for a public use. For the purposes of this Program, "public use" does not include economic development activities that primarily benefit private entities or buyouts of private property.

The following project types are considered valid public uses for eminent domain purposes:

- Mass transit, railroad, airport, or highway projects;
- Utility projects that benefit or serve the general public, including energy, water, wastewater, and communications infrastructure;
- Public structures or facilities with a common-carrier or public-utility function, subject to government oversight and regulation; and
- Projects to remove an immediate threat to public health and safety, including the removal of brownfields as defined by the Small Business Liability Relief and Brownfields Revitalization Act (Pub. L. 107-118).

Any use of eminent domain under this Program must be fully documented by the subgrantee, including justification of necessity and confirmation of the public purpose, and retained in the project file in accordance with HUD recordkeeping requirements.

As a HUD-assisted program, the Post-Disaster Infrastructure Investment Program is subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, 42 U.S.C. § 4601 et seq., Section 104(d) of the Housing and Community Development Act of 1992, as amended (HCDA), 42 U.S.C. § 5304(d), to the extent HUD has not waived or provided alternative requirements, and HUD's implementing regulations

including 49 CFR Part 24, 24 CFR Part 42, and 24 CFR Part 570, as applicable. These requirements apply to any acquisition, rehabilitation, or demolition of property funded in whole or in part with CDBG-DR funds that results in the temporary or permanent displacement of persons and businesses, as defined by 49 CFR Part 24.2, including tenants displaced due to rehabilitation, demolition, or acquisition or any physical or economic displacement associated with a federally assisted real estate project.

4.0 Project Selection

4.1 Notice of Funding Availability

DHSEM will issue a Notice of Funding Availability to announce the availability of PDIIP funds. Under this methodology, DHSEM will issue an open solicitation to eligible entities in the HUD- and State-identified MID areas.

This approach is consistent with the State of New Mexico CDBG-DR Action Plan, which authorizes funds in a manner that responds to urgent recovery needs in communities impacted by the 2024 federally declared disasters, and maximizes benefit to MID areas.

Transparency and fairness will be facilitated through:

- Notification to all eligible jurisdictions within MID and State-identified MID areas;
- Standardized proposal requirements and evaluation criteria;
- Documented project scoring and prioritization aligned with Action Plan goals; and
- Public reporting of awards and program performance.

Each proposed project will be evaluated for eligibility; alignment with Action Plan goals; and consistency with factors such as service to LMI populations, cost-effectiveness, and community benefit. DHSEM will then exercise discretion to prioritize those projects that most effectively advance wildfire and flood recovery, resilience, and leveraging of other funding sources, while designating other eligible projects as alternates. Additionally, projects located in Lincoln or Chaves Counties, projects that prioritize rural and agricultural communities, and projects accomplishing hazard mitigation will be prioritized in the NOFA and proposal review process.

4.2 Project Submission Requirements

Each project under consideration must submit a completed and signed proposal, along with certifications and supporting documents, to support eligibility verification, scoring, and evaluation. At a minimum, the project proposal must include:

- **Project Description** – A clear narrative describing the purpose, scope, and location of project activities.

- **Disaster Tie-Back Justification** – Documentation establishing either a direct or indirect connection to DR-4795 or DR-4843.
- **Alignment with Unmet Needs Assessment** – All projects funded the PDIIP must demonstrate clear alignment with the unmet infrastructure needs identified in the State of New Mexico CDBG-DR Action Plan, including but not limited to damages and recovery gaps associated with transportation systems, water infrastructure, drainage, acequias, and watershed stabilization.
- **National Objective** – A description of the geographic area served, identification of beneficiaries, and documentation supporting how this meets the LMI Area Benefit National Objective.
- **Budget and Cost Information** – A complete cost estimate, broken down by project phases, with all known or anticipated funding sources identified. Entities may not request CDBG-DR funds to supplant other funding sources that have been allocated for the project.
- **Operations and Maintenance (O&M) Plan** – A preliminary plan describing how the project will be operated and maintained for its useful life, including responsible entities and estimated costs.
- **Readiness to Proceed Documentation** – Permits, site control and land acquisition (if applicable), completed environmental reviews and environmental studies (if applicable), project design, and anticipated implementation schedule.
- **Environmental and Floodplain Compliance** – Documentation to demonstrate compliance with Executive Orders 11990 and 11988 and 24 CFR § 58, when available.

4.3 Prioritization Criteria

4.3.1 Target Populations

The Program prioritizes support for the following populations and communities:

- **LMI Communities** – Many of the rural areas in qualifying counties include high concentrations of LMI households. Targeting these areas ensures that investments serve populations with limited capacity to independently recover from infrastructure failure.
- **Rural and Agricultural Communities** – Both the South Fork Fire, Salt Fire, and flooding event; as well as the Chaves County flooding event, had serious impact on rural communities. Projects which address post-disaster impacts and capacity for infrastructure in rural and agricultural areas will be prioritized.

These factors will be considered during the project evaluation process. By prioritizing these target populations, the PDIIP ensures that CDBG-DR resources are directed toward the most affected by the disasters, while also promoting equitable, resilient, and community-driven

recovery. Investments will be focused on projects that reduce future risk, strengthen public infrastructure, and restore essential community functions.

4.3.2 Mitigation Alignment

During the NOFA process, projects will be evaluated based on whether they are designed to specifically accomplish hazard mitigation in the impacted area. Mitigation is a key element of the state's broader disaster recovery strategy, ensuring that investments not only restore damaged infrastructure but also strengthen communities' abilities to withstand future wildfire, flood, and other climate-related hazards.

All projects funded under the PDIIP must demonstrate clear alignment with the unmet infrastructure needs identified in the State of New Mexico CDBG-DR Action Plan, including but not limited to damages and recovery gaps associated with transportation systems, water infrastructure, drainage, acequias, and watershed stabilization.

DHSEM will prioritize projects that:

- Address infrastructure categories with the highest documented unmet need;
- Serve communities with significant disaster impacts and limited recovery resources; and
- Fill funding gaps not addressed by FEMA Public Assistance or other federal programs.

Proposals for the PDIIP will take these plans and mitigation practices overall into consideration, when evaluating which project will be funded. Mitigation analysis will be applied to eligible public works and facilities located in areas identified as high-risk through FEMA flood maps, burn scar assessments, and other state-led hazard analyses. Projects funded under this set-aside must incorporate site-specific, cost-effective mitigation components designed to reduce long-term risk, protect critical assets, and minimize future disaster-related costs.

Mitigation measures funded through this Program for flood risk reduction include:

- Upsizing and realigning culverts, storm drains, and other drainage infrastructure to accommodate increased precipitation and runoff.
- Installing erosion and sediment control systems to protect water bodies, drainageways, and transportation corridors.
- Elevating or floodproofing critical infrastructure components (e.g., pump stations, utility lines, electrical panels).
- Constructing detention basins, swales, or other green infrastructure features to manage stormwater and reduce flood peaks.
- Reinforcing levees or embankments and improving watershed management through integrated stormwater design.

Mitigation measures funded through this Program for wildfire risk reduction include:

- Replacing flammable infrastructure materials (e.g., wooden bridges or utility poles) with fire-resistant alternatives.
- Installing defensible space zones around public facilities and infrastructure corridors.
- Hardening public buildings and shelters with fire-rated construction materials and ember-resistant vents.
- Installing fire breaks and access roads to facilitate emergency response and containment.
- Integrating post-wildfire slope stabilization measures to prevent debris flow or infrastructure failure.

All infrastructure projects funded through this set-aside must comply with applicable building codes, including the International Building Code (IBC) and local floodplain ordinances, and must support long-term risk reduction objectives as outlined in the state's resilience and recovery plans. By applying CDBG-DR mitigation funding to infrastructure projects, the State of New Mexico ensures that recovery efforts are not only restorative but forward-looking, helping communities rebuild stronger, safer, and more resilient to future disasters.

4.3.3 Resilience

All projects funded under this Program must be designed and constructed to withstand the impacts of extreme weather events and natural hazards. Subgrantees are encouraged to adopt and apply the most recent edition of the International Building Code (IBC), or an equivalent standard, for construction; all infrastructure projects funded through the Mitigation Set-Aside must adopt and apply the most recent edition of the IBC.

Proposals will receive higher scoring for submissions which highlight how the project contributes to post-disaster resiliency. Resilience performance measures must be identified and implemented in accordance with the Universal Notice (Section III.D.3). These measures may include hazard-resistant design features, fire- and flood-resistant construction materials, and integration of energy efficiency or renewable energy systems.

Subgrantees must demonstrate compliance with applicable codes and standards as it relates to the type of project proposed. Subgrantees must maintain related documentation in their project files.

4.4 Preliminary Project Review

Following submission, each proposal will undergo a preliminary project review, conducted by DHSEM or its designee. This stage ensures that only complete, eligible, and feasible projects advance to the Evaluation Committee. The preliminary project review includes 4 key components:

4.4.1 Completeness Verification

DHSEM staff, or designee, will confirm that the proposal is complete, signed, and includes all required certifications and supporting documentation. Projects that do not meet the minimum requirements will not advance (See Section 4.2 above).

4.4.2 Threshold Eligibility Determination

Each project must satisfy basic program eligibility requirements before advancing. Threshold eligibility includes the verification of:

- **Eligible Entity** – Entity must be an eligible subgrantee, such as a local government entity or political subdivision.
- **Eligible Activity** – The proposed activity must be consistent with CDBG-DR eligible uses identified in these guidelines.
- **Hazard Mitigation** – The proposed project must demonstrate hazard mitigation practices.
- **Disaster Tie-Back Justification** – Documentation must demonstrate compliance with HUD's requirements for tie-back to DR-4795 or DR-4843.
- **Project Cost Limitation** – The proposed project must fall within applicable Program funding caps.
- **Operations and Maintenance (O&M) Plan** – Subgrantees must submit a preliminary O&M Plan demonstrating long-term sustainability.
- **Readiness to Proceed** – Projects must demonstrate capacity to advance within HUD expenditure deadlines.

4.4.3 Project Snapshot Preparation

For each project that meets threshold eligibility, DHSEM staff, or designee, will prepare a Project Snapshot summarizing the key project characteristics including:

- **Project Summary** – Title and brief description of the project's scope, purpose, need, and location.
- **Cost & Funding** – CDBG-DR request amount, leveraged or committed funding sources, and any unresolved funding gaps.
- **CDBG-DR Program Fit** – Eligible activity type, disaster tie-back, located in an eligible county, national objective alignment, area of benefit, including LMI considerations.
- **Alignment with Recovery Priorities** – Consistency with the State of New Mexico Fire and Flood Recovery (2024 Events) CDBG-DR Action Plan, local hazard mitigation plans, or other relevant planning documents.
- **Timeline and Readiness** – Current stage of project development, readiness to proceed, and anticipated implementation timeline.

- **Complexity Level** – Anticipated project complexities, such as land acquisition, displacement, permitting, or environmental challenges.
- **Dependencies** – Related or dependent projects, internal and external partners and interagency coordination needs.
- **Risk Assessment** – Potential risk factors such as environmental constraints, land acquisition obstacles, cost uncertainty, community concerns, or cultural sensitivities; verifies that selected entities can manage federal funds and implement their projects in full compliance with Program requirements. A risk score will be assigned to each project based on this assessment.

4.4.4 Priority Group Assignments

Each project will be assigned to one of three priority groups based on the Project Snapshot:

- **Group A** – Feasible and Ready to Proceed
  - Project meets all eligibility requirements.
  - Project has clear funding strategies, and all funding commitments are secured.
  - Project is low risk.
  - Project is fully ready to proceed immediately after receiving Program award – requires no additional planning, permitting, or design advancement before implementation.
- **Group B** – Feasible, but not Ready to Proceed
  - Project meets all eligibility requirements.
  - Project has identified funding strategies, but all funding commitments are not yet secured.
  - Project is medium risk or high risk.
  - Project is not ready to proceed – requires additional planning, permitting, or design advancement before implementation.
- **Group C** – Not Feasible or Eligible
  - Project does not meet all eligibility requirements.
  - Project has insufficient funding strategies.
  - Project has unclear timelines.
  - Project is very high risk.

Groups A and B will advance to the Evaluation Committee for review and approval of priority assignment. Projects in Group A will be prioritized for scoring and ranking. Projects in Group B will be scored and ranked if there are Program funds left to award after scoring and ranking projects in Group A. Projects in Group C will not be scored and will not be considered for funding.

4.5 Evaluation Committee

All eligible projects, as outlined above, will advance to the Evaluation Committee (EC) for formal review. The EC will consist of State of New Mexico staff with relevant programmatic, professional, and community expertise.

4.5.1 Scoring

For each project, the EC will receive the full and complete proposal and the Project Snapshot. The EC will confirm priority group assignment and score all Priority Group A projects using the below scoring rubric (see *Table 4*) and corresponding Proposal Scoring Workbook. If needed, Group B will be evaluated using the same scoring rubric as Group A.

Table 4: PDIIP Proposal Scoring Rubric

Categories	Maximum Points
Entity Capacity	30
Project Scope	50
Project Location and Service Area	25
Target Population	50
Citizen Participation	20
Project Schedule	25
Financial/Budget	40
Certifications/Disclosures/Signature	10
Maximum Total Points	**250**

4.5.2 Ranking

After completing individual scoring, the EC will consider qualitative factors not fully captured in numerical scoring, such as:

- Interdependencies and other recovery projects;
- Geographic location or critical-service coverage;
- Urgency of community unmet needs; and
- Timeliness relative to HUD's expenditure deadlines.

Qualitative factors may be used to distinguish between similarly scored projects or adjust final ranking where justified. All rationales will be documented in the Program record.

4.5.3 Selection

Using scores and qualitative considerations, the EC will establish a ranked list of priority Group A projects. Group B projects will be ranked if there are PDIIP funds left to award after Group A projects are ranked and awarded. This ranking will guide funding recommendations and support transparent award decisions.

- Projects at the top of the ranked list will be recommended for funding, subject to

availability of funds, completion of citizen participation plan requirements, completion and approval of the Environmental Review, and all other Program requirements.

- Projects with lower rankings, or those requiring additional development before implementation, may be designated as alternates.

All scoring results, reviewer notes, and ranking documentation will be maintained in DHSEM's system of record to ensure transparency, traceability, and full auditability. DHSEM may issue updates to prioritization criteria or project selection guidance through amendments to this Program Guide to ensure strategic, reasonable, and impactful use of funds. The final ranked recommendations and award determinations will be documented in the Program record and made publicly available in compliance with HUD citizen participation requirements. The Citizen Participation Plan is outlined in section 7.0 of the Action Plan.

4.5.4 Alternate Projects

Projects in Groups A or B that were not selected for funding may be designated as alternates. Alternate projects will not receive funding at this time and may be reconsidered as the Program progresses. These projects may be advanced if priority projects withdraw, become infeasible, or fail to demonstrate timely progress.

If a selected project does not begin design activities or meet progress benchmarks within the timelines established in the executed agreement, DHSEM may reallocate funding to an alternate project.

4.6 Award Determination

Following the Evaluation Committee's ranking and funding recommendations, DHSEM will finalize project awards in accordance with Program requirements and HUD regulations. The activities below describe the required steps for issuing commitments.

4.6.1 Action Plan Amendment

Following project selection, DHSEM will prepare and submit a Substantial Action Plan Amendment. In accordance with HUD requirements for direct-selection funding methodologies, this amendment will formally identify the selected projects and incorporate any necessary budget adjustments. The amendment will follow HUD publication, public participation and comment, and submission requirements.

4.6.2 Notice of Intent to Fund

Once a project is approved for funding, DHSEM will issue a Notice of Intent to Fund to the subgrantee. This letter will identify the proposed award amount, outstanding documentation requirements, conditions that must be satisfied prior to agreement execution (including but not limited to subgrantee submission of supporting documentation demonstrating that citizen participation plan requirements have been met to DHSEM and completion of an

environmental review by the state in full compliance with NEPA and 24 CFR § 58), and deadlines for demonstrating readiness.

No project will receive a grant award, nor may any costs be incurred or committed, unless and until the following requirements have been met:

- The subgrantee has submitted documentation demonstrating compliance with citizen participation requirements (see Section 3.0 above).
- The State has conducted and completed an environmental review and has issued a determination that the project will not have significant environmental impacts, or that all identified impacts have been adequately addressed in accordance with applicable requirements (see Section 6.0 below).

DHSEM reserves the right to require additional conditions in the Notice of Intent to Fund.

4.6.3 Award Agreements

All awards made to subgrantees will be formalized through a Subgrantee Agreement between DHSEM and the implementing entity. The Subgrantee Agreement will establish the approved scope of work, award amount, period of performance, applicable state and federal requirements, and all reporting and compliance obligations. The Subgrantee Agreement serves as the binding legal instrument governing project implementation, financial management, and performance monitoring under the Program.

Subgrantee Agreements will not be issued until all conditions outlined in the Notice of Intent to Fund have been met.

4.6.4 Conditions of Award

All funding commitments are contingent upon receipt of HUD environmental review clearance, demonstration of project readiness, satisfaction of all Program conditions, and verification that no duplication of benefits will occur.

DHSEM reserves the right to withdraw or adjust awards if conditions are not met, or if a project fails to maintain progress. Choice-limiting actions are strictly prohibited and may result in loss of funding.

4.7 Project Commencement and Implementation

Following the award of a project, the implementing entity is expected to promptly initiate all necessary steps for project implementation. These steps may include, but are not limited to:

- **Procurement of Professional Services** – Engaging qualified contractors, architects, engineers, and other professionals consistent with federal procurement requirements at 2 CFR § 200 and Program-specific procurement policies.
- **Completion of Project Design Milestone and Environmental Review** – When sufficient project information or design is available, the subgrantee must submit the

design package to DHSEM so that DHSEM can initiate the Environmental Review Record (ERR) and, where applicable, the Environmental Assessment (EA) under 24 CFR § 58.

- **Prohibition of Choice-Limiting Actions** – Any activity that reduces or eliminates the opportunity to choose project alternatives that would avoid or minimize environmental impacts or enhance the quality of the human environment. More information regarding choice-limiting actions can be found in Section 6.4.
- **Initiating Project Design and Permitting** – Advancing architectural, engineering, and permitting activities necessary for construction or implementation.
- **Receipt of Notice to Proceed (NTP)** – Once all required pre-construction conditions are satisfied, including completion of environmental clearance, State procurement concurrence, and confirmation of match funding (if applicable), DHSEM will issue written concurrence to proceed. The NTP serves as the formal authorization for the subgrantee to begin construction or implementation activities and to incur eligible expenses.
- **Implementation of Approved Activities** – Carrying out project activities in compliance with the SRA, if applicable, including adherence to federal construction standards, Uniform Relocation Act (URA) requirements, and all other applicable cross-cutting federal requirements.
- **Monitoring and Reporting** – Subgrantees will be responsible for ongoing monitoring of project progress, maintaining documentation in project files, and submitting quarterly performance and financial reports to DHSEM. Subgrantees are subject to all monitoring and reporting as required by the executed agreement from DHSEM.
- **Receipt of Technical Assistance** – DHSEM will provide technical assistance, as needed, to subgrantees throughout implementation to support compliance and timely progress.

5.0 Duplication of Benefits

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), as amended (42 U.S.C. §5121 et seq.), prohibits any person, business concern, nonprofit organization, or governmental entity from receiving federal funds for any part of a loss for which financial assistance has already been provided by another source, such as private insurance, FEMA, charitable organizations, or other federal or state programs.

The purpose of this requirement is to ensure that CDBG-DR program funds serve as funding of last resort, filling unmet needs without duplicating other assistance already received for the same purpose.

All proposals must report assistance received or available from other sources for the same purposes as the requested CDBG-DR funding using the DOB Worksheet in Appendix E of the Post-Disaster Infrastructure Investment Program Proposal Template. DHSEM will conduct a DOB review for every project prior to award using a standardized DOB Worksheet.

5.1 Duplication of Benefits Framework

To ensure compliance with the Stafford Act and HUD policy, the Program will use the following framework:

- **Assess the Total Project Need** – Identify the total cost required to complete the infrastructure project, including all eligible mitigation and resilience measures.
- **Identify Total Assistance Received or Available** – Determine the value of all reasonably identifiable assistance already received or committed from other sources.
- **Exclude Non-Duplicative Assistance** – Deduct assistance that was provided for a different purpose, or for the same purpose but expended on an allowable different use.
- **Calculate DOB Amount** – Determine the total duplicative amount of assistance.
- **Determine Program Award** – Subtract the DOB amount from the project's total need to calculate the final eligible award, subject to Program caps.
- **Reassess Unmet Need** – Adjust award amounts if new information becomes available regarding additional assistance or revised project costs.

If a duplication of benefits occurs (i.e., total assistance received exceeds the total need), the subgrantee's Program award will be reduced accordingly.

5.2 Common Sources of Available Assistance

The following sources of funding are commonly provided for disaster recovery and will be reviewed as part of DOB analysis:

- **FEMA Public Assistance** – Funds provided to governmental entities for repair, restoration, or replacement of public facilities and infrastructure.
- **Insurance Proceeds** – Property or casualty insurance settlements covering repair or replacement of damaged facilities.
- **Small Business Administration (SBA) Disaster Loans** – Approved loans provided to nonprofit or public entities for repair or reconstruction of facilities.
- **State or Local Recovery Programs** – Other disaster recovery or mitigation grants provided by the State of New Mexico or local government agencies.
- **Charitable or Nonprofit Assistance** – Contributions from philanthropic organizations or other nonprofits.
- **Other Federal or State Grants** – Any additional funding sources available for the same scope of work.
- **Other Available Local Funds –** Local funds that are available, set aside, planned, or designated for the same project or activity, including funds identified in a Capital Improvement Plan, capital budget, bond proceeds, reserve accounts, or similar planning or budget documents.

If local funds were previously planned, designated or set aside for this project but are no longer available (e.g., reallocated, expended, or redirected due to the disaster or other emergency needs), the subgrantee must be able to document that such funds have been reallocated, expended, or otherwise made unavailable, and confirm that no funds remain set aside for the activity in any Capital Improvement Plan or similar planning document. If a subgrantee receives additional assistance for the same project scope after CDBG-DR funds are awarded, those funds must be reported and may require repayment to the Program.

5.3 Assistance Not Considered Duplicative

Not all assistance received constitutes a DOB. Non-duplicative assistance includes:

- Assistance provided for a different purpose (e.g., contents replacement, temporary facilities).
- Assistance provided for the same purpose but used for a different eligible use (e.g., FEMA funds spent on emergency protective measures rather than permanent repair, FEMA Match projects using Program funds as the local match, etc.).
- Funds not legally available to the entity (e.g., insurance proceeds applied by a lender directly to reduce outstanding debt).

Proposals may document non-duplicative uses through receipts, contracts, or certifications.

5.4 Subrogation

As a condition of receiving CDBG-DR funds, subgrantees must sign a Subrogation Agreement acknowledging that if additional assistance for the same project purpose is later received from another source (e.g., FEMA, insurance, other programs), such funds must be returned to DHSEM.

This ensures that Program funds remain the funding of last resort and that no project receives duplicative assistance. Subrogation enforcement will continue throughout the useful life of the project.

5.5 Supplanting

CDBG-DR funds may not be used to supplant or replace other funding sources that a subgrantee has already committed, budgeted, or is otherwise legally obligated to use for the same project purpose. The intent of this prohibition is to ensure that federal disaster recovery funds supplement, rather than substitute for existing local, state, or other federal resources.

Subgrantees must certify that CDBG-DR funds are not being used to offset costs that are already covered by another funding source or required local match. DHSEM will review project budgets, funding commitments, and financial statements to verify compliance. Projects found to have supplanted other committed funds may have their awards reduced or be required to repay CDBG-DR funds.

5.6 Considerations for FEMA-PA Match Projects

Under duplication of benefits and order of assistance requirements, CDBG-DR funds must be used to supplement, not supplant, FEMA-PA.

For a project that is approved for FEMA-PA, PDIIP funds can pay for the local share, which is typically 25% of the total project cost. PDIIP may also be able to fund related activities that cannot be included in the FEMA-PA project, or costs associated with managing HUD compliance that cannot be charged to the FEMA-PA project.

If the subgrantee's project receives additional FEMA-PA assistance after receiving CDBG-DR funds, it is DHSEM's responsibility to recapture CDBG-DR assistance that duplicates assistance from FEMA or the USACE.

If the subgrantee uses PDIIP funds to offset the local match for a FEMA-PA project, the entire project must be completed in compliance with HUD requirements (e.g., Davis Bacon).

6.0 Environmental Review

All projects funded under the PDIIP are subject to environmental review requirements pursuant to:

- 24 CFR § 58 (Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities).
- The National Environmental Policy Act (NEPA).
- Related federal authorities listed at 24 CFR §§ 58.5 and 58.6.
- April 5, 2025, CDBG-DR Universal Notice, as amended; and
- Applicable Allocation Announcement Notices (AANs).

No choice-limiting action, as defined at 24 CFR § 58.22, may occur until environmental clearance is complete and a Release of Funds has been authorized, where applicable.

6.1 Responsible Entity (RE) Designation

For all PDIIP-funded projects, DHSEM shall serve as the Responsible Entity (RE) under 24 CFR § 58. As the RE, DHSEM shall:

- Determine the appropriate level of environmental review (Exempt, CENST, CEST, or EA).
- Conduct environmental analysis and consultation.
- Prepare and maintain the Environmental Review Record (ERR);
- Publish required public notices, when applicable;
- Submit the Request for Release of Funds (RROF) and Certification to HUD, when applicable.
- HUD retains authority to issue the Authority to Use Grant Funds (AUGF) following completion of required public notice and comment periods.
- Issue formal environmental clearance prior to project obligation or commencement.

Subgrantees shall not assume Responsible Entity status under this Program unless expressly authorized in writing by DHSEM.

6.2 Environmental Review Record (ERR)

DHSEM, as the Responsible Entity, shall prepare and maintain the official Environmental Review Record (ERR) for each project in accordance with 24 CFR § 58.38. The ERR shall include, as applicable:

- Project description and location maps.
- Determination of level of review.
- Consultation documentation (SHPO, USFWS, USACE, etc.).
- Statutory checklist and supporting documentation.
- Analysis of the following Environmental Resources:
    - Airport Hazards
    - Clean Air
    - Coastal Barrier Resources
    - Coastal Zone Management
    - Contamination and Toxic Substances
    - Endangered Species
    - Explosive and Flammable Hazards
    - Farmlands Protection
    - Flood Insurance
    - Floodplain Management
    - Historic Preservation
    - Noise Abatement and Control
    - Sole Source Aquifers
    - Wetlands Protection
    - Wild and Scenic Rivers
- Analysis of the following Environmental Assessment Factors:
    - Land Development
    - Socioeconomic
    - Community Facilities and Services
    - Natural Features
    - Energy
- Floodplain Management 8-Step Decision-Making Process, where required.
- Mitigation measures and conditions of approval.
- Program Agreement Addendum where applicable
    - DHSEM signed signature page

- DHSEM cover memo to HUD
- Finding of No Significant Impact (FONSI), where required.
- Request for Release of Funds (RROF)
- Public notices and proof of publication.
- HUD Authority to Use Grant Funds (AUGF)

The ERR shall be retained by DHSEM in the official Program file.

6.3 Subgrantee Responsibilities

Although DHSEM retains RE authority, subgrantees are responsible for:

- Providing complete and accurate project descriptions, site information, and maps.
- Submitting supporting technical documentation necessary for environmental review.
- Disclosing prior project actions and funding sources.
- Refraining from undertaking any choice-limiting actions prior to written environmental clearance.
- Implementing and documenting all environmental mitigation measures required by DHSEM.
- Incorporating environmental conditions into procurement and construction contracts, where applicable.

Failure to comply with environmental sequencing requirements may result in suspension, recapture, or termination of funding.

6.4 Choice-Limiting Actions

Pursuant to 24 CFR § 58.22, Subgrantees shall not:

- Acquire property,
- Enter into construction contracts,
- Begin demolition or site work,
- Commit HUD or non-HUD funds in a manner that limits alternatives, prior to environmental clearance and, where applicable, HUD's issuance of Authority to Use Grant Funds (AUGF).

Violation of this provision may result in project ineligibility and disallowed costs.

6.5 Floodplain and Special Hazard Compliance

Projects located within a Special Flood Hazard Area must comply with:

- Executive Order 11988 (Floodplain Management).
- Executive Order 11990 (Protection of Wetlands).
- 24 CFR § 55 (8-Step Process, where applicable).
- Flood insurance requirements under the Flood Disaster Protection Act (42 U.S.C. § 4012a).

Flood control structures must meet additional requirements outlined in Section 5.10 of this Guide and HUD's CDBG-DR Universal Notice.

6.6 Environmental Clearance and Project Obligation

Environmental clearance must be completed in accordance with 24 CFR § 58, and where required, HUD must issue Authority to Use Grant Funds (AUGF), prior to the commitment or expenditure of CDBG-DR funds or non-HUD funds for project activities that would constitute a choice-limiting action, including execution of construction contracts, acquisition of real property, demolition, or issuance of a Notice to Proceed.

Subgrantee Agreements may be executed prior to environmental clearance, provided they include language expressly prohibiting choice-limiting actions in accordance with 24 CFR § 58.22.

DHSEM shall issue written confirmation of environmental clearance to the subgrantee prior to authorization of project implementation.

No disbursement shall be authorized for costs incurred prior to environmental clearance and, where applicable, issuance of AUGF, except for activities determined to be Exempt under 24 CFR § 58.34 and properly documented in the Environmental Review Record (ERR).

6.7 Adoption of Other Federal Reviews

When another federal agency (e.g., FEMA) has conducted an environmental review for substantially the same project site and scope of work, DHSEM, as the Responsible Entity (RE), may adopt that review in accordance with 24 CFR § 58.15 and the CDBG-DR Universal Notice, where permitted.

Adoption requires:

- Retention of the complete federal agency environmental review documentation within the Environmental Review Record (ERR).
- Verification that the scope of work, project location, and level of impact are substantially identical, documented by DHSEM in a memorandum to file.

- Completion of any additional compliance determinations required under 24 CFR § 58 that were not addressed in the original federal review.
- Submission of a Request for Release of Funds (RROF) to HUD, where applicable, identifying the originating federal agency, project name, and date of the original environmental review.

Subgrantees shall provide all documentation necessary to support DHSEM's review of eligibility for adoption.

6.7.1 Environmental Review for Federal Match Projects

For FEMA Public Assistance (PA) Match, Hazard Mitigation Grant Project (HMGP) Match, and other federally funded match projects, DHSEM is able to adopt FEMA's completed environmental review for eligible projects under the Unified Federal Review (UFR). If a project's scope changes beyond what was approved in the project worksheet, an additional HUD environmental review must be completed. When adopting FEMA's environmental review, DHSEM must obtain a completed copy of FEMA's environmental review record and keep the copy in its project file.

6.8 Technical Assistance

Subgrantees are required to consult with DHSEM Environmental staff prior to undertaking any project activity that may trigger environmental review requirements. DHSEM will provide technical assistance to ensure compliance with:

- 24 CFR § 58.
- NEPA and related federal authorities.
- Floodplain and wetlands requirements.
- Historic preservation requirements.
- Applicable state and local environmental regulations.

HUD resources, including the Environmental Review Toolkit, will be made available to subgrantees as guidance. For more detailed procedural guidance, subgrantees should reference DHSEM's CDBG-DR Environmental Review Policy, which supplements this Program Guide.

7.0 Grant Funding Model

The Post-Disaster Infrastructure Investment Program (PDIIP) provides financial assistance in the form of direct grants to eligible subgrantees for the planning, design, construction, reconstruction, rehabilitation, and mitigation of public infrastructure improvements. Awards under the Program are provided as grant funding, not loans, and are intended to reduce the financial burden on disaster-impacted local entities in implementing critical infrastructure projects that address disaster-related recovery and unmet needs. The grant funding method ensures compliance with 2 CFR § 200.305 and HUD's financial management standards.

7.1 Nature of Assistance

Funds provided under the Program constitute federal grant assistance made available through the State of New Mexico's allocation of CDBG-DR funding. The Program is not structured as a reimbursement-only funding mechanism. Instead, DHSEM will make funds available to subgrantees through a controlled drawdown and advance payment process, consistent with federal requirements. Subgrantees are not required to fully incur and pay project costs prior to accessing funds, provided that all draw requests are supported by eligible costs and immediate cash needs.

7.2 Method of Disbursement

DHSEM will make PDIIP funds available to subgrantees through a controlled drawdown and advance payment process, consistent with federal requirements. All draw requests must be supported by eligible costs and immediate cash needs, prior to DHSEM processing payment. Draws are expected to occur in a phased manner, so that subgrantees have the necessary cashflow to incur and pay project costs throughout project implementation.

The Program does not require subgrantees to front 100 percent of project costs prior to disbursement, distinguishing it from traditional reimbursement-only grant programs, thereby infusing disaster-impacted communities with the investment capital needed to recover from the 2024 federally declared disaster events.

All funds will be disbursed through the State's financial management system and the HUD DRGR system using a drawdown-based funding approach whereby subgrantees may request initial advances to support project mobilization, procurement, and early-stage activities; as well as ongoing drawdowns to support project implementation.

Draw requests must meet the following criteria:

- **Comply with the approved project budget and scope of work.** The scope of work submitted in the project proposal must serve as the basis for all draw requests. While the subgrantee may submit scope of work change requests to DHSEM, those changes must be reflected in the scope of work before any draws can be processed.

- **Be based on immediate expenditures.** Draw requests may only be processed based on actual costs incurred by the grantee. For example, this may include invoices from vendors completing project work, payroll costs for staff assigned to the project, equipment and other necessary purchases, etc. This does not include expenses projected based on estimates or which will not be incurred in the next six-month period.
- **Be supported by documentation.** All draw requests must be submitted in a standard package using the template provided by DHSEM which identifies the cost type and supporting documentation (e.g., invoices, payroll report) for the draw request.

All disbursements under this Program must comply with applicable federal requirements, including 2 CFR § 200.305, which requires that payments are limited to immediate cash needs, the time between drawdown and disbursement is minimized, and subgrantees maintain effective internal controls to prevent excess cash on hand.

7.2.1 Advance Payments

Advance payments for expected costs may be provided for the following expense types:

- Staff time and/or vendor support to conduct procurement(s) to execute the project.
- Studies, reviews, and other analyses necessary to validate project scope (e.g., hydrologic and hydraulic studies for drainage projects).
- Basic office set-up and staffing costs to stand up the project (e.g., PDIIP-specific staff payroll expenses, equipment).

Advances must be tied to immediate stand-up activities. The standard advance payment request package will be provided by DHSEM and should be completed fully before advance payments are processed. The package must include a justification describing how the funded activities are tied to immediately necessary project mobilization needs.

All advance payments must be disbursed in a timely manner in accordance with federal cash management standards. Expense tracking must be maintained through the subgrantee's established financial management systems and internal controls. Subgrantee failure to expend and/or track advance payments may impact future payment and/or draw requests until areas of non-compliance are addressed.

7.2.2 Progress-Based Draw Requests

Once the project has begun, all remaining grant funding will be processed through draw requests. DHSEM will provide a standard draw package template which will require that subgrantees tie funding to measurable project milestones for project planning, design, and implementation. Subgrantees must also provide actual cost documentation serving as the basis for the draw request (e.g., invoices, payroll report).

Subgrantees must complete regularly quarterly reporting (see Section 2.3.2 above) which tracks the status of project implementation, including percentage of construction completed. DHSEM will review all draw packages in combination with quarterly reporting.

After the draw package is processed and the subgrantee receives payment, it is the subgrantee's responsibility to expend funds in a timely manner. A new draw package may not be processed until the existing funds have been expended. After funds are expended, the subgrantee must provide proofs of payment for all costs to DHSEM.

7.2.3 Non-Compliance

Subgrantee failure to operate in compliance with federal cash management requirements, complete required quarterly reports, expend payments in a timely manner, provide proofs of payment, and/or maintain records for all grant draws may result in suspension of future advance payment and/or draw requests until areas of non-compliance are addressed. If issues persist, other corrective actions may be deemed necessary by DHSEM, including recapture of grant funds.

7.3 Required Draw and Payment Package Documentation

DHSEM provides standard template advance payment and draw packages to all subgrantees. As part of this template, DHSEM requires that subrecipients provide supporting documentation before cash disbursements can be approved and distributed. Subrecipients who do not submit the required documentation will not be provided with grant funds until all supporting documentation has been submitted.

7.3.1 Contract Expenses and Purchases

For all contract and equipment expenses, subgrantees must first provide a standard vendor procurement file which documents overall procurement compliance per 2 CFR § 200.317-327. This includes:

- Competitive proposal materials (e.g., request for proposals, invitation to bid), including the original public notice, bids or proposals received, evaluation committee materials, and final selection materials.
- Executed contract with signatures, the approved scope of work, and associated purchase orders.
- Change orders and/or amendments to the contract.
- Documentation demonstrating compliance with HUD regulations (i.e., Davis Bacon and Related Acts, Section 3, Civil Rights clauses).

The vendor procurement file will be maintained for the record of the PDIIP project by both DHSEM and the subgrantee. All draws for contract expenses must first be supported by a vendor procurement file.

For contract draw requests, subgrantees must use the standard draw package provided by DHSEM to provide the following:

- Contractor invoice(s)
- Scope to be covered by the invoice(s)

Once the draw is processed, it is the subgrantee's responsibility to expend funds in a timely manner. All proofs of payment must be submitted to DHSEM.

7.3.2 Force Account Labor and Equipment

For all internally incurred expenses tied to force account labor and equipment, subgrantees must provide the applicable internal policy (e.g., payroll policy). If a payroll policy is not in place at the time of the Notice of Intent to Fund, it must be developed before an award can be processed.

To receive a draw for force account labor expenses, the subgrantee must provide employee name(s), positions, hours to be worked, wage rates, and fringe benefits, serving as the basis for the draw.

To receive a draw for equipment expenses, the subgrantee must provide the type of equipment, hours to be used, and the applicable equipment rate schedule, serving as the basis for the draw.

7.3.3 Recordkeeping

All grant fund disbursement documentation, including requests for advance payments and progress-based draw payments; draw/payment approvals; invoices; proof of payment; and audit trails, must be retained by both DHSEM and subgrantees in accordance with 24 CFR § 570.506 and 2 CFR §§ 200.334-338. Records will be maintained in DHSEM's identified system of record and made available for review by HUD and oversight entities.

8.0 Compliance and Monitoring

DHSEM will implement a comprehensive risk-based compliance and monitoring framework to ensure that all Program activities are carried out in accordance with applicable federal, state, and local requirements, including but not limited to 2 CFR § 200 (Uniform Guidance), 24 CFR § 570 (CDBG Regulations), 24 CFR § 58 (Environmental Review), and the State of New Mexico Fire and Flood Recovery (2024 Events) CDBG-DR Action Plan. The compliance framework safeguards program integrity, prevents misuse of funds, and supports transparency, accountability, and continuous improvement through the program lifecycle.

This section provides a summary of monitoring responsibilities, methods, and outcomes. For more detailed information about Program monitoring, see DHSEM's CDBG-DR Monitoring Plan and Monitoring Policy.

8.1 Grantee Responsibilities

DHSEM, as the Grantee and Program administrator, is responsible for oversight of all subgrantees and Program activities. Monitoring will follow a risk-based approach, prioritizing higher-risk entities and activities for increased scrutiny. Responsibilities include, but are not limited to:

- **Policies and Procedures Compliance** – Adhering to published Program policies, guidelines, and federal cross-cutting requirements.
- **File Review and Eligibility Verification** – Routine checks of subgrantee and project files to confirm eligibility, award calculations, duplication of benefits compliance, and supporting documentation.
- **Duplication of Benefits (DOB) Compliance** – Verification of all funding sources to ensure compliance with Section 312 of the Stafford Act and HUD DOB guidance, including periodic re-verification.
- **Environmental Compliance** – Ensuring that all projects have completed required reviews under 24 CFR § 58 prior to obligation of funds, and that environmental clearance documentation is maintained.
- **Financial and Procurement Oversight** – Reviewing financial records, procurement processes, invoices, and cost allocations to confirm compliance with 2 CFR § 200 and DHSEM procurement standards.
- **Performance and Outcome Validation** – Evaluating progress toward Program outcomes such as improved infrastructure resilience, service delivery to low- and moderate-income (LMI) populations, and alignment with State of New Mexico Fire and Flood Recovery (2024 Events) CDBG-DR Action Plan objectives. Accuracy of data in DRGR or other designated systems of record will also be validated.
- **Civil Rights and Fair Housing Compliance** – Ensuring compliance with applicable civil rights laws, Section 3, Americans with Disabilities Act (ADA), and related

nondiscrimination obligations.

- **Post-Closeout Monitoring** – Oversight of any long-term obligations after project closeout, such as deed restrictions, subrogation enforcement, or continuing public use conditions.

8.2 Timeliness

Timely implementation and expenditure of funds are critical components of the Program. DHSEM is responsible for meeting all HUD-mandated deadlines for obligation and expenditure of CDBG-DR funds, as outlined in the applicable Federal Register Notice, Grant Agreement and the Universal Notice. Failure to meet required timelines may result in HUD recapturing unspent funds, issuing findings, or placement on a corrective action plan.

Projections will be monitored to align with Program goals and will be uploaded into DRGR and DHSEM's CDBG-DR website. Quarterly projections will be monitored on an ongoing basis and will be adjusted as necessary to reflect accurate estimates.

Timeliness projections will be reported in the following format:

Table 4: Expenditure Projections Table Example

Year	Projected Expenditure ($)	Cumulative ($)	Share of Total (%)	Cumulative (%)
1				
2				
3				
4				

8.3 Monitoring Methods

Monitoring will be constructed using a combination of quality assurance/quality control (QA/QC) reviews, desk reviews, remote reviews, on-site reviews, and for-cause reviews. Reviews will be guided by standardized monitoring checklists and coordinated among Program, financial, and compliance staff. Monitoring activities will include verification of:

- Use of funds for eligible public infrastructure activities;
- National Objective compliance;
- Environmental review completion prior to commitment;
- Procurement and contract management documentation; and
- Construction completion, performance, and closeout compliance.

Subgrantees will receive advance notice of scheduled monitoring and a request for documentation in a Monitoring Notification Letter. After each review, DHSEM will issue a written monitoring report identifying an observations, concerns, or findings. Subgrantees

must provide a written response, including corrective action plans, and demonstrate timely resolution of issues.

Failure to adequately address findings may result in enforcement actions such as suspension of funds, disallowance and repayment of costs, or termination of the subgrantee agreement.

8.4 Quality Assurance and Recordkeeping

DHSEM will maintain records to support each monitoring activity, including:

- Monitoring workpapers and supporting documentation.
- Correspondence, notices, and communications logs.
- Corrective Action Plans (CAPs), responses, follow-up evidence, and closure determinations.
- Checklists, tools, templates, and monitoring instruments.
- Documentation demonstrating supervisory review and approval of monitoring activities.

All documentation will be maintained in a manner that supports transparency, traceability, and compliance with federal audit and record retention requirements. Monitoring records will be retained for at least three years after grant closeout, or longer if required by federal retention standards or applicable DHSEM recordkeeping policies.

8.5 Non-Compliance

In accordance with federal regulations (2 CFR §§ 200.339-343), DHSEM will take timely and appropriate action in response to any instance of subgrantee noncompliance. This includes failure to comply with this Program Guide, applicable federal and state requirements, or the terms of the Subgrantee Agreement between DHSEM and the awardee.

Noncompliance may be identified through monitoring, audits, financial reviews, or reporting discrepancies. Upon identification, DHSEM will issue written notification outlining the nature of the deficiency, required corrective actions, documentation standards, and a deadline for resolution. DHSEM may work directly with the subgrantee to develop a corrective action plan with specific milestones and timelines.

If deficiencies are not corrected within the established timeframe, or if the subgrantee demonstrates a pattern of noncompliance, DHSEM may escalate remedies. These may include withholding or delaying disbursements, imposing additional reporting requirements, restricting Program activities, amending or suspending the agreement, or recapturing unallowable funds. In severe cases, termination of the agreement may occur. All actions will be documented in the official Program file, and subgrantees will receive written confirmation once compliance has been restored.

9.0 Recordkeeping & Data Management

9.1 Grantee Responsibilities

As the Grantee, DHSEM is responsible for maintaining comprehensive and accurate records to support the effective management and compliance of the Post-Disaster Infrastructure Investment Program. This includes:

- Entering all required information into the Disaster Recovery Grant Reporting System (DRGR) in a timely and accurate manner;
- Conducting regular monitoring of subgrantee activities, including review of financial and programmatic records, on-site or remote monitoring visits, and verification of compliance with applicable cross-cutting requirements;
- Collecting and storing personally identifiable information (PII) securely in accordance with federal and state privacy laws; and
- Overseeing and enforcing recordkeeping standards across all program activities and ensuring that files are complete, audit ready, and accessible throughout the applicable retention period.

9.2 Subgrantee Responsibilities

Subgrantees must also comply with recordkeeping and data management requirements to ensure Program compliance. This includes:

- Complying with all recordkeeping requirements outlined in the Subgrantee Agreement (SRA) for each funded activity;
- Maintaining complete program files in accordance with DHSEM's CDBG-DR Recordkeeping and Data Management Policy;
- Providing DHSEM, HUD, the Comptroller General of the United States, or other authorized governmental agencies access to all pertinent records for purposes of monitoring, audits, examinations, excerpts, and transcripts, as required by 2 CFR § 200.337; and
- Continuing to maintain records until at least three years after the State's HUD closeout date, unless otherwise directed.

For more information, see DHSEM's CDBG-DR Recordkeeping and Data Management Policy.

10.0 Closeout

10.1 Project Closeout

The closeout phase ensures that each project funded under the Program has been fully executed in compliance with HUD requirements and Program guidelines. Closeout will only be initiated once the following criteria have been met:

- **Completion of Scope of Work** – The approved project scope has been completed in accordance with the Subgrantee Agreement or executed agreement, Program guidelines, and all applicable federal requirements.
- **National Objective Compliance** – The LMI Area Benefit national objective has been met and fully documented.
- **Funds Expended and Accounted For** – All CDBG-DR funds, as well as any leveraged or matching funds, have been properly disbursed and documented. Any unexpended balances must be de-obligated or returned.
- **Required Permits and Certifications** – All applicable permits, licenses, and certifications of completion (e.g., Certificate of Occupancy, final engineer's certification) have been secured.
- **Resolution of Compliance Issues** – Any HUD or DHSEM monitoring findings, audit issues, or other compliance concerns related to the project have been addressed and closed.
- **Operations and Maintenance Plan Finalization** – A finalized Operations and Management Plan confirming long-term sustainability of the infrastructure investment has been submitted.

10.1.1 Closeout Documentation

Each project's closeout package must include, at minimum:

- Final financial summary and expenditure report.
- Evidence of national objective compliance.
- Final Duplication of Benefits (DOB) verification.
- Required certifications of completion (e.g., engineering sign-offs, occupancy certificates)
- Documentation of project outcomes (e.g., populations served, facilities improved, resilience benefits).
- Updated Operations and Maintenance Plan, where applicable
- Confirmation that all required documentation has been uploaded to the system of record.

DHSEM will review the complete closeout package and determine whether the project is eligible for closure.

10.1.2 Closeout Confirmation

Once validated, DHSEM will:

- Update DRGR to reflect project completion and closeout status.
- Issue a Project Closeout Letter to the subgrantee.
- Archive project documentation in accordance with Federal and State records retention requirements.

If instances of non-compliance, ineligible costs, or misuse of funds are identified during the closeout review, DHSEM may require corrective action or initiate recapture procedures as outlined in DHSEM's CDBG-DR Monitoring Plan and Monitoring Policy.

10.2 Program Closeout

Program closeout represents the formal conclusion of the Program as a whole. This process ensures that all individual projects have been closed and that DHSEM is in compliance with HUD closeout requirements.

Program closeout will be initiated once the following conditions are met:

- All funded projects have been completed and closed at the project level.
- All Program funds have been fully expended, reconciled. Or returned in accordance with federal requirements.
- DRGR reflects accurate financial and performance data across all activities.
- Final Program accomplishments have been aggregated and reported, including compliance with HUD national objectives and mitigation integration.
- All Subgrantee Agreements and executed agreements have been closed and documented.
- All audit, monitoring, and oversight findings have been resolved.
- Final financial and performance reports have been submitted by HUD.
- Any long-term compliance obligations (e.g., URA monitoring, deed restrictions, operations and management reporting) are assigned and tracked.

DHSEM will prepare and submit a formal Program closeout package to HUD in accordance with DRGR procedures and HUD guidance. Once HUD reviews and approves the closeout documentation, the Post-Disaster Infrastructure Investment Program will be considered officially closed.

11.0 Cross-Cutting Requirements

Subgrantees of the Program and DHSEM must comply with requirements specific to the CDBG-DR program as well as the federal grant award received by DHSEM from HUD in response to 2024 natural disasters. Key requirements include:

- **Uniform Administrative Requirements** at 2 CFR § 200;
- **Community Development Block Grant Regulations** at 24 CFR § 570;
- **Federal Register Notices** allocating funds to the State of New Mexico for disaster recovery, including 90 FR 1754 and any subsequent notices, waivers, or amendments issued by HUD; and
- **Applicable State of New Mexico laws and regulations** governing procurement, contracting, and financial management.

In addition to these Program-specific requirements, subgrantees must also comply with federal statutes and regulations outside of the CDBG-DR program. These “cross-cutting” requirements apply broadly to federally funded activities and include, but are not limited to, environmental review, fair housing and civil rights, labor standards, and anti-discrimination protections. Compliance with all applicable cross-cutting requirements is mandatory for participation in the Program and must be documented throughout project implementation.

11.1 Uniform Relocation Act (URA) and Acquisition

All acquisition and relocation activities carried out under the Program are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, at 42 U.S.C. § 4601 et seq., and implementing regulations at 49 CFR § 24. The Program is also subject to Section 104(d) of the Housing and Community Development Act of 1974 (HCDA), as applicable, and any waivers or alternative requirements contained in HUD’s Universal Notice (FR-6489-N-01) or related guidance.

11.1.1 Acquisition of Real Property

Subgrantees that undertake projects involving acquisition must comply with all URA requirements for appraisal, review, negotiation, and purchase. CDBG-DR funds may not support projects that use the power of eminent domain for development that primarily benefits private entities. However, eminent domain may be used when acquisition is strictly for public use, such as:

- Mass transit, airport, or highway projects.
- Utility projects (energy, communications, water, wastewater) serving the general public.
- Public facilities and other structures designated for public use.

- Projects that remove an immediate threat to public health and safety (e.g., removal of contaminated property or brownfield conditions).

All acquisition costs and activities must be tracked and documented in accordance with 2 CFR § 200 cost principles and HUD cross-cutting requirements.

11.1.2 Relocation and Displacement

Subgrantees must plan projects in a manner that avoids or minimizes displacement to the maximum extent feasible. This will include evaluating alternative designs and sites during planning and environmental review, considering phased construction to reduce impacts, and incorporating mitigation measures such as temporary relocation where feasible.

If displacement is unavoidable, subgrantees must identify the needs of potentially displaced persons through site visits, interviews, and orientations, and ensure accessibility needs of displaced persons with disabilities are addressed. Persons and entities determined to be "displaced persons" under 49 CFR § 24.2 are eligible for relocation assistance, which must be incorporated into project budgets prior to initiation of acquisition or construction activities.

11.1.3 Residential Anti-Displacement and Relocation Assistance Plan (RARAP)

DHSEM maintains a Residential Anti-Displacement and Relocation Assistance Plan (RARAP), which applies to projects involving direct demolition or conversion of occupied low- and moderate-income dwelling units. Subgrantees must coordinate with DHSEM to ensure replacement housing assistance and other RARAP provisions are implemented.

11.1.4 Subgrantee Responsibilities

Subgrantees implementing projects that include acquisition or relocation must:

- Develop and follow written acquisition and relocation procedures consistent with URA and HUD requirements.
- Provide timely notice, advisory services, and assistance to affected persons.
- Plan and budget for relocation costs in advance, considering housing market conditions, acquisition costs, relocation payments, and related professional services.
- Maintain complete records of compliance, including notices, benefit calculations, payment records, and appeals.

Subgrantees must consult with DHSEM prior to initiating any acquisition or displacement activities to ensure compliance and minimize Program risk.

For more information, see DHSEM's CDBG-DR URA and RARAP Policy.

11.2 Procurement

All procurement of goods and services under the Program must comply with federal standards in 2 CFR §§ 200.317-200.326 and applicable State of New Mexico procurement laws and policies. Where these requirements differ, subgrantees must follow the strictest applicable standard. Subgrantees must adopt and reference DHSEM's procurement standards. Further, when using CDBG-DR grant funds as the non-Federal match for projects receiving other Federal funds, DHSEM may adopt the procurement policies and procedures that satisfy the other Federal agency's requirements to promote consistency and seamlessly leverage their funding, sol long as they meet other cross-cutting requirements that apply to the CDBG-DR funds.

Procurement must be conducted in a manner that provides full and open competition and uses methods appropriate to the size and scope of the contract, including micro-purchases, small purchases, sealed bids, and competitive proposals. A cost or price analysis is required for every procurement action, including modifications, to ensure that costs are fair and reasonable. Prohibited contracting methods, such as cost-plus-percentage-of-cost contracts or time-and-materials contracts without a ceiling price, are not allowable.

Subgrantees must maintain complete procurement records documenting the solicitation, evaluation, selection, and award process. Executed contracts and related documentation must be submitted to DHSEM prior to requesting disbursement with CDBG-DR funds. DHSEM will monitor procurement activities to confirm compliance; non-compliance may result in costs being deemed ineligible for disbursement.

For more information, see DHSEM's Procurement Policy.

11.3 Labor Standards

All subgrantees undertaking CDBG-DR-funded construction activities under the Program must comply with applicable federal labor laws, including but not limited to:

- **Davis-Bacon and Related Acts (DBRA) –** Requires payment of prevailing wages (including any applicable fringe benefits) to laborers and mechanics employed under federally funded or assisted construction contracts in excess of $2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works.
- **Fair Labor Standards Act of 1938 (FLSA) –** Establishes minimum wage, overtime pay, and recordkeeping requirements.
- **Contract Work Hours and Safety Standards Act (CWHSSA) –** Requires payment of overtime compensation for laborers and mechanics working in excess of 40 hours in a workweek.
- **Copeland "Anti-Kickback" Act –** Prohibits improper wage deductions and kickbacks of wages on federally funded or assisted construction projects.

Subgrantees must designate a Labor Compliance Officer (LCO) or equivalent staff to verse compliance with labor standards. Responsibilities include ensuring that contractors and subcontractors submit weekly certified payroll reports, conducting spot-check reviews, and addressing any identified deficiencies.

The Federal Labor Standards Provisions (HUD-4010) and applicable federal wage decision(s) must be incorporated into all construction contracts subject to DBRA requirements. Subgrantees are also responsible for maintaining complete labor compliance records and making them available for review by DHSEM, HUD, or other authorized oversight agencies.

For more information, see DHSEM's CDBG-DR DBRA Policy.

11.4 Section 3

Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), as implemented through HUD's regulations at 24 CFR § 75, applies to CDBG-DR-funded infrastructure projects that meet the definition of a Section 3 project. The purpose of Section 3 is to ensure that, to the greatest extent feasible, employment, training, and contracting opportunities generated by HUD financial assistance are directed at low- and very low-income persons and to Section 3 business concerns.

Subgrantees and their contractors must take proactive steps to comply with Section 3 requirements. This includes making efforts to recruit and hire Section 3 workers, notify residents of available employment or training opportunities, and contract with Section 3 businesses where feasible. All subgrantees must maintain documentation of compliance efforts and report Section 3 outcomes in accordance with HUD's established benchmarks and DHSEM's reporting protocols. Information will be entered into DRGR and made available for monitoring and oversight.

For more information, see DHSEM's CDBG-DR Section 3 Policy.

11.5 Civil Rights and Non-Discrimination

All activities funded under the Program must be carried out in compliance with applicable civil rights laws and regulations, including Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.), Section 109 of the Housing and Community Development Act of 1974, the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act (ADA). These statutes collectively prohibit discrimination on the basis of race, color, national origin, religion, sex, age, familial status, or disability in programs and activities receiving federal financial assistance.

Subgrantees must ensure that Program funds are used and administered in a manner that provides equal access to all eligible participants and avoids disproportionate adverse impacts on protected classes or vulnerable communities. Any individual who believes they have been

subjected to discrimination may file an administrative complaint with HUD's Office of Fair Housing and Equal Opportunity or pursue relief through federal court. DHSEM will monitor subgrantee compliance with civil rights requirements and may provide additional guidance or technical assistance to ensure full adherence.

For more information, see DHSEM's CDBG-DR Equal Opportunity Employment Policy and Fair Housing Policy.

11.6 Program Income

Program Income is defined at 24 CFR § 570.500(a) as any gross income directly generated from the use of CDBG-DR funds. This may include proceeds from the sale or lease of property purchased with Program funds, payments on loans made with CDBG-DR assistance, or fees and charges related to CDBG-DR funded activities. In cases where an activity is only partially funded with CDBG-DR resources, the prorated portion of the income attributable to the federal investment must be treated as Program Income.

Subgrantees are required to track and report all Program Income in accordance with HUD regulations and the terms of their Subgrantee Agreement. Reports must be submitted at least quarterly and include documentation of the source, amount, and use of funds. Program Income must be used before additional grant funds are drawn for eligible activities, unless otherwise directed by HUD. Any Program Income remaining at closeout will be subject to HUD's requirements, which may include return to HUD or transfer to DHSEM''s CDBG-DR program.

For more information, see DHSEM's CDBG-DR Program Income Policy.

11.7 Elevation Standards

All structures, including infrastructure, assisted with CDBG-DR funds must be elevated or floodproofed in compliance with FEMA floodproofing standards at 44 CFR § 60.3(c) or successor standards. At minimum, structures located within the 100-year (1% annual chance) floodplain must be elevated or floodproofed to at least two feet above the base flood elevation (BFE).

For Critical Actions, as defined at 24 CFR § 55.2(b)(3), located within the 500-year (0.2% annual chance) floodplain, subgrantees must elevate or floodproof to the higher of:

- The 500-year floodplain elevation, or
- Three feet above the 100-year floodplain elevation.

If 500-year data are unavailable, and a Critical Action is located within the 100-year floodplain, the structure must be elevated or floodproofed at least three feet above the BFE.

Non-structural infrastructure must also be designed to be resilient to flood hazards. Resiliency measures may include structural or nonstructural methods to reduce or prevent

damage or designing facilities to withstand and rapidly recover from flood events. In selecting appropriate measures, subgrantees must consider flood depth, velocity, duration, erosion, subsidence, and function of the facility. Where local codes or standards are more stringent than federal requirements, the more protective standard applies.

Subgrantees using CDBG-DR funds as the non-federal match in a FEMA-funded project may apply FEMA's alternative elevation requirement under 44 CFR § 9.11(d)(3)(iii), subject to FEMA approval.

11.8 Debarment and Suspension

Regulations restrict entering into awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. A contract award must not be made to parties listed on the government wide exclusions in the System for Award Management (SAM.gov).

11.9 General Provisions

11.9.1 Fraud, Waste, and Abuse

DHSEM, as grantee, is committed to the responsible management of CDBG-DR funds by being a good advocate of the resources while maintaining a comprehensive policy for preventing, detecting, reporting, and rectifying fraud, waste, abuse, or mismanagement.

Pursuant to FR-6489-N-01, DHSEM implements adequate measures to create awareness and prevent, fraud, waste, abuse, or mismanagement among other irregularities in all programs administered with CDBG-DR funds as well as encourages any individual who is aware of or suspects any kind of conduct or activity that may be considered an act of fraud, waste, abuse, or mismanagement regarding the CDBG-DR Program to report such acts to the DHSEM CDBG-DR internal auditor, directly to the Office of the Inspector General (OIG) at HUD, or any local or federal law enforcement agency.

Any allegations of fraud, waste, abuse, or mismanagement related to CDBG-DR funds or resources must be reported to the CDBG-DR internal auditor, directly to the OIG at HUD, or any local or federal law enforcement agency.

In accordance with 2 CFR § 200.113, DHSEM and subgrantees must promptly notify HUD OIG and HUD in writing when there is credible evidence of:

- Violations of federal criminal law involving fraud, bribery, or gratuities, or
- A violation of the civil False Claims Act that could potentially impact the federal award.

Reports should be submitted at: https://www.hudoig.gov/hotline/report-fraud.

Note: Subgrantees must also notify DHSEM in addition to the OIG.

For all other instances of suspected fraud, waste, abuse, or mismanagement, reports should be directed to the HUD OIG Fraud Hotline:

- **Phone:** 1-800-347-3735
- **Email:** hotline@hudoig.gov

Alternatively, a person may contact any local or federal law enforcement agency. Allegations of fraud, waste, or abuse can also be reported directly to the HUD OIG by any of the following means:

- **HUD OIG Hotline:** 1-800-347-3735 (Toll-Free), 787-766-5868 (Spanish)
- **Mail:** HUD Office of the Inspector General (OIG) Hotline
  451 7th Street SW
  Washington, D.C. 20410
- **Email:** HOTLINE@hudoig.gov
- **Internet:** https://www.hudoig.gov/hotline

For more information, see DHSEM's CDBG-DR Fraud, Waste, and Abuse Policy.

11.9.2 Conflict of Interest

DHSEM is committed to minimizing and removing any conflicts of interest in its Programs, policies, procedures, and utilization of federal disaster recovery funds. DHSEM will adhere to the conflicts of interest provisions referenced at 24 CFR § 570.611. In addition, DHSEM will comply with the New Mexico Governmental Conduct Act (GCA), NMSA 1978, §§ 10-16-1 to 10-16-18, which establishes high ethical standards consistent with federal requirements.

For more information, see the DHSEM CDBG-DR Conflict of Interest Policy.

11.9.3 Complaints

Any entity and/or subgrantee who wishes to submit a concern or complaint may do so using any of the following methods:

- In person: At a publicly noticed meeting. All scheduled public meetings are posted to DHSEM's website at www.dhsem.nm.gov/cdbg-dr2025
- Online: Complete the New Mexico Post-Disaster Infrastructure Investment Program Complaint Form online at www.dhsem.nm.gov/cdbg-dr2025
- By email: DHSEM-PDIIP@dhsem.nm.gov
- By mail:
  Department of Homeland Security and Emergency Management
  Attention: New Mexico Post-Disaster Infrastructure Investment Program, Complaints

PO Box 27111

Santa Fe, NM 87502

The New Mexico Post-Disaster Infrastructure Investment Program (PDIIP) will provide a written response to all complaints within fifteen (15) working days of receiving them. After the initial response, they will make every effort to resolve complaints within the same fifteen (15) working day timeframe. If a resolution cannot be reached within this period, the complainant will receive a status update regarding their issue(s) and, if feasible, an estimated time period when a resolution can be expected.

DHSEM will monitor response times to ensure compliance and may adjust timelines for additional responses, as necessary.

All complaints and inquiries received will be reviewed by DHSEM staff for the following actions:

- Investigation, if necessary;
- Resolution; or
- Follow-up actions.

Each complaint and inquiry will be documented in a tracking system. PDIIP staff will maintain electronic files that contain:

- The name and contact information of the complainant;
- The date the complaint was received;
- A description of the complaint;
- The names of all individuals contacted regarding the complaint;
- A summary of the outcome and the response date to the complainant; and
- An explanation of the resolution.

In cases of concerns and complaints with unsatisfactory resolutions, the PDIIP will reasonably assist the complainant in submitting the complaint to the appropriate agency. The individual(s) filing the complaint have the option of filing directly with the U.S. Department of Housing and Urban Development (HUD), the New Mexico Department of Homeland Security and Emergency Management (DHSEM), or with both agencies simultaneously.

For more information, see the DHSEM CDBG-DR Appeals and Complaints Policy.

11.9.4 Appeals

Persons who wish to contest a Program determination may request an initial appeal directly with the Program by submitting a written request via electronic or postal mail within **thirty**

(30) calendar days from the date of the determination being contested. Entities may request an appeal to contest:

- Project Selection;
- Duplication of Benefits determination;
- Program Scope of Work; or
- Award Amount.

Appeals to rating and ranking decisions are limited to factors related to a violation of established process or Program policies. Disagreement with the results of a ranking or award determination that followed appropriate processes will be deemed invalid and the appeal will not be considered. Appeals are limited to:

- Technical error of project selection, award amount, or scoring, such as mathematical miscalculation by the Evaluation Committee. Errors in data submitted in the proposal do not qualify for an appeal.
- Violation or variation from established policies processes.

People who wish to request an initial appeal related to the Program may do so through any of the following avenues:

- Online: Complete the complaint form online at www.dhsem.nm.gov/cdbg-dr2025
- By mail:

  Department of Homeland Security and Emergency Management

  Attention: New Mexico Post-Disaster Infrastructure Investment Program, Appeals

  PO Box 27111

  Santa Fe, NM 87502

Entities may submit a written appeal related to any determination made by the Post-Disaster Infrastructure Investment Program that affects the award determination they may receive, except in cases of potential fraud, recapture, or revocation of assistance, as determined by DHSEM. Appeals may only be submitted prior to the execution of a Subgrantee Grant Agreement and other legally binding documents executed with the Post-Disaster Infrastructure Investment Program, unless otherwise allowed by federal regulatory obligations, such as 49 CFR § 24.10(b) in the case of URA Appeals.

Appeal determinations shall be consistent with the policies and procedures contained within the relevant HUD-approved State of New Mexico CDBG-DR Action Plan, federal regulations, state and local codes and ordinances, local guidelines, executed legally binding documents, and Post-Disaster Infrastructure Investment Program policies, as interpreted by DHSEM. DHSEM does not have the authority to approve an appeal of statutory requirements or regulations that govern CDBG-DR funds, relocation activities covered under the Uniform

Relocation and Real Property Acquisition Policies Act of 1970 (URA), 49 CFR § 24, as amended, and HUD's Handbook 1378, Tenant Assistance, Relocation and Real Property Acquisition, or other federal, state, or local requirement. Therefore, any request that seeks to appeal these regulations will not be considered. An appeal submitted based on federal, state, or local regulations will automatically receive a No Satisfactory Basis for Appeal letter informing the entity or tenant that the program does not have authority nor jurisdiction to overturn a federally regulated matter. Additionally, such appeals will be administratively closed upon sending of the No Satisfactory Basis for Appeal letter.

The appeals process is composed of a thorough review of all relevant materials, while a consultation with the entity may also be offered to obtain any relevant information. After all materials are reviewed, the appeal will receive a determination by DHSEM.

If at the conclusion of the appeals process the entity is not satisfied with the appeal determination, the entity may seek a judicial review of DHSEM's determination on their own accord.

For more information, see the DHSEM CDBG-DR Appeals and Complaints Policy.

11.10 Administrative Policies

DHSEM is required to make publicly available all policies that affect subgrantees, entities, beneficiaries, and the general public. These postings ensure transparency, compliance with HUD requirements, and accountability in the use of disaster recovery funds.

The following policies must be posted to DHSEM's CDBG-DR website:

- **Action Plan for Disaster Recovery and Amendments** – All substantial and non-substantial amendments.
- **Citizen Participation Plan** – Public input process, comment periods, and complaint resolution.
- **Program Policies and Procedures** – For each active Program (housing, infrastructure, planning).
- **Cross-Cutting Federal Requirements** – Fair Housing and Equal Opportunity, Section 3 Plan, URA, Language Access/LEP, and Section 504/ADA accessibility policies.
- **Financial and Administrative Policies** – Duplication of Benefits (DOB), Conflict of Interest, Fraud/Waste/Abuse reporting, Recordkeeping and Retention, and public-facing summaries of procurement standards.
- **Monitoring and Compliance Policies** – Subgrantee/contractor monitoring, corrective action procedures, and recapture/enforcement policies.

Each posted policy will include:

- **Version control history** with a summary of changes;
- **Cross-references/links** if core content is located in another document; and
- **Alignment with all amendments** (substantial or non-substantial) to the State of New Mexico Fire and Flood Recovery (2024 Events) CDBG-DR Action Plan.