

**ARKANSAS
COMMUNITY DEVELOPMENT BLOCK GRANT
DISASTER RECOVERY PROGRAM**

CDBG-DR Action Plan

Substantial Amendment #1 (Draft)

HUD Approval Date: _____

**Public Law 116-20: \$8,940,000 Allocation Federal Register
Notice:**

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Submitted by the Arkansas Economic Development Commission (AEDC) to the U.S. Department of Housing and Urban Development (HUD) in fulfillment of requirements for the Community Development Block Grant- Disaster Recovery (CDBG-DR) program for recovery from Arkansas riverine flooding, Disaster FEMA-4441, allocated under Public Law 116-20.

AEDC does not discriminate on the basis of Race, Color, National Origin, Sex, Age, Religion or Disability; and provides upon request, reasonable accommodation including auxiliary aids and services necessary to afford an individual with a disability an equal opportunity to participate in all programs and activities.

Overview

The Arkansas Economic Development Commission (AEDC), through its coordination with the Arkansas Development Finance Authority (ADFA) and the Arkansas Division of Emergency Management (ADEM), has determined that there is sufficient funding available for multi-family rental rehabilitation and construction, and that significant funding has also been made available for elevations, acquisitions and buyouts in flood affected areas.

Per 83 FR 5844, the state is required to primarily consider and address its unmet housing recovery needs. Since the state has determined that there are no remaining unmet housing needs, the state will address and allocate funds to meet unmet infrastructure needs through its proposed Action Plan Amendment #1.

Table 1: Allocation Overview

Program Category	Initial Action Plan Allocation	Proposed Allocation	Change
Housing Program	\$8,493,000	\$0	(8,493,000)
Infrastructure Program	\$0	\$8,493,000	\$8,493,000
Administration	\$447,000	\$447,000	\$0
Total CDBG-DR Program Funding	\$8,940,000	\$8,940,000	\$0

This Action Plan Amendment (APA) #1:

1. Eliminates the Multi-Family Rental Recovery Program;
2. Eliminates the Voluntary Local Residential Buyout Program;
3. Creates and allocates funds to the Infrastructure Program.

Table 2: Allocation Overview Breakdown

Program Category	Program Name	Initial Action Plan Allocation	Change	Proposed Allocation	Percent Change
Housing	Voluntary Local Residential Buyout	\$5,095,800	(5,095,800)	\$0	100%
	Multi-Family Rental Recovery Program	\$3,397,200	(3,397,200)	\$0	100%
	Total Housing Assistance Programs	\$8,493,000	(8,493,000)	\$0	100%
Infrastructure	Infrastructure	-		\$8,493,000	100%
Administration	Administration	\$447,000		\$447,000	
Total CDBG-DR Program Funding		\$8,940,000		\$8,940,000	

An Action Plan Amendment is considered a substantial amendment when it:

- includes changes to unmet needs which result in a change in program benefit or eligibility criteria; or,
- adds and deletes an activity; or,
- reallocates more than 10 percent of the total budget (equal to \$894,000, per the Initial Action Plan).

A. Updated Unmet Needs Analysis

AEDC’s initial Action Plan estimated a total of \$17,922,950 in unmet needs, including \$7,979,546 for housing, \$5,686,710 for infrastructure, and \$4,256,694 in economic recovery needs. The Table below summarizes the current unmet needs resulting from DR-4441.

Table 3: Updated Summary of Unmet Recovery Needs

Category	Updated Unmet Need	Updated Total Resources	Updated Total Unmet Need
Housing	\$21,213,290¹	\$105,639,248	\$0
FEMA IA		\$9,053,665	
ADFA Recovery Loan		\$209,767	
HOME		\$38,300,000	
HOME ARP		\$37,547,010	
LIHTC		\$5,522,779	
NHTF		\$7,950,000	
FEMA HMGP		\$4,184,063	
FEMA FMA		\$1,660,982	
Infrastructure	\$52,503,308²	\$39,283,189	\$13,220,119
FEMA PA		\$39,283,189	

¹ FEMA Preliminary Damage Assessment Report, [FEMA-4441-DR-AR](#), last updated October 4, 2022

² \$52.5 million is the total sum the total project amount of PA projects reported to AEDC by ADEM for county-level projects

Economic Revitalization	\$5,174,194³	\$917,500⁴	\$4,256,694
SBA		\$917,500	
Total	\$78,890,792	\$145,839,937	\$17,476,813

1. Updated Multi-Family Rental Recovery Program

The Multi-Family Rental Recovery Program budget is eliminated (\$3,397,200) due to sufficient funds available through the Arkansas Development Finance Authority for developers to carry out multi-family rental activities in the disaster affected areas. This program was created in the initial Action Plan, approved by HUD on April 30, 2021.

Table 4: Updated Summary of Unmet Recovery Needs – Multi-Family Housing

Category	Updated Unmet Need	Updated Additional Total Resources	Updated Total Unmet Need
Housing	\$21,213,290	\$105,639,248	\$0
<i>Multi-Family Rental Initial Allocation</i>	<i>\$3,397,200</i>	<i>\$98,133,221</i>	<i>\$0</i>
FEMA IA		\$9,053,665 ⁵	
ADFA Recovery Loan		\$209,767 ⁶	
HOME		\$38,300,000	
HOME ARP		\$37,547,010	
LIHTC		\$5,522,779	
NHTF		\$7,950,000	

FEMA Individual Assistance (IA)

³ The Economic Revitalization unmet need amount has not been updated from initial Action Plan, HUD approval date April 30, 2021

⁴ The Economic Revitalization total resources amount has not been updated from Initial Action Plan, HUD approval date April 30, 2021

⁵ FEMA Individual Assistance Funding Obligations, Dollars Approved, last updated September 2, 2022, [4441 | FEMA.gov](https://www.fema.gov/4441)

⁶ This amount has not been updated from initial Action Plan, HUD approval date April 30, 2021

Individual Assistance (IA) refers to FEMA’s Individuals and Households Program. Homeowners and renters may be eligible for federal help to defray the costs of damage or losses they incurred as a result of a declared disaster.

Assistance may provide help in renting alternative accommodations or repairs to make living quarters safe, sanitary, and functional. Even if insurance covers some of the losses, FEMA might be able to make up for shortfalls in cases of underinsurance. Other types of IA can help with medical, dental, funeral, personal property, transportation, moving and storage and other eligible expenses.

The below table shows the total FEMA Individual Assistance funding obligations for DR-4441 and the total number of Individual Assistance Applications Approved, last updated on September 2, 2022.

Table 5: FEMA Individual Assistance Funding Obligations

Individual Assistance	Amount
Total Housing Assistance (HA) - Dollars Approved	\$8,496,507
Total Other Needs Assistance (ONA) - Dollars Approved	\$557,158
Total Individual & Households Program Dollars Approved	\$9,053,665
Individual Assistance Applications Approved	925

Source: FEMA Individual Assistance Funding Obligations, Dollars Approved, [4441 | FEMA.gov](https://www.fema.gov)

ADFA Disaster Recovery Housing Assistance Loan Program

ADFA developed the Arkansas Disaster Recovery Housing Assistance Loan Program for primary households located in a presidentially declared or gubernatorial-declared disaster area resulting from the 2019 natural disasters. Eligible homeowners could receive up to \$30,000 for repair and rehabilitation on disaster-impacted households. The loans were 0 percent over 10 years, and ADFA ran the program in both 2019 and 2020.⁷

The State financial assistance under this program includes: Housing Repair/Rehabilitation Assistance. Individuals whose primary home was damaged by the 2019 disaster were able to receive financial assistance not to exceed \$30,000 for the necessary and reasonable cost of eligible repair expenses for a disaster-affected home determined feasible for rehabilitation.

Assistance under this program was provided as a repayable loan, amortized over a 10-year period with a 0% interest rate. The first year of loan repayments could be deferred upon request by the borrower and ADFA approval.

- Interest Rate: 0 percent (0%)
- Term: 10 Years / 120 Months (First year can be deferred)

If the home is located in a presidentially declared disaster area, the homeowner was required to register with FEMA and provide ADFA with the FEMA award/denial letter to be considered for eligibility under this program. Other criteria included: Owner-occupied at the time of the natural disaster; residency at the time of the natural disaster; and damage to the home caused by the natural disaster. Disaster Recovery Housing Assistance Loan Program related forms may be found at <https://adfa.arkansas.gov/files/>.

Although participation in the disaster loan recovery program was limited in 2019 and the 2020 loans were not finalized, the State of Arkansas has included the \$209,767 in its unmet needs analysis. As the State’s CDBG-DR program moves to program design and implementation, this funding and any other similar funding will be considered in the state’s duplication of benefits analysis for all CDBG-DR programs.

In 2019, the program received a total of 25 applications totaling \$309,049 in loans requested. Of the applications, 8 were approved for a total of \$239,768 in assistance. A total of 79 applications were received in 2020. The table below provides an overview of the 2019-2020 applicants by impacted county (additional loans from non-impacted county were requested in both years).

Table 6: ADFA 2019-2020 Disaster Recovery Loan (Requested/Approved), Impacted Counties Eligible for IA

County	Loans Requested	Amount Requested	Total Approved Loan Amount
Arkansas	2	\$0	\$0
Faulkner	1	\$12,250	\$12,250
Jefferson	17	69,350	\$0
Lincoln	4	\$0	\$0
Logan	1	\$0	\$0
Perry	1	\$0	\$0
Pulaski	9	\$60,000	\$60,000

Sebastian	6	\$160,075	\$137,517
Totals:	41	\$301,675	\$209,767

Source: ADFA Report, DRHALP2019 Applications Issued and Received, Received 1/19/2021

HOME Program

Eligible entities include: cities and counties; developers, including ADFA approved nonprofit Community Housing Development Organizations (CHDOs) proposing activities in eligible communities.

Eligible Activities:

- New Construction. HOME funds may be used for new construction of both multi-family and single family housing.
- Rehabilitation. This includes the alteration, improvement, or modification of an existing structure. HOME funds can be used to rehabilitate both multi-family and single family housing.
- Tenant Based Rental Assistance (TBRA). TBRA provides assistance to individual low-income households to enable them to rent market-rate units.
- Low Income Housing Tax Credit (LIHTC) Gap Financing. ADFA allows for a combination of HOME Program and LIHTC funds.

Currently, ADFA has approximately \$37.4 million in HOME funds available for multi-family housing. HOME funds awarded by ADFA in HUD- and State-MIDs throughout 2020-2022 total \$900,000 (\$450,000 in Fort Smith/Sebastian County, and \$450,000 in Little Rock/Pulaski County), making a total of \$38,300,000 available for multi-family housing through ADFA.

HOME ARP Funds

The American Rescue Plan of 2021 (ARP), also called the COVID-19 Stimulus Package, Public Law 117–2 (March 11, 2021) provides \$5 billion to assist individuals or households who are homeless, at risk of homelessness, and other vulnerable populations, by providing housing, rental assistance, supportive services, and non-congregate shelter, to reduce homelessness and increase housing stability across the country. These grant funds will be administered through HUD’s HOME Investment Partnerships Program (HOME) and are known as HOME-ARP funds. Eligible HOME-ARP activities include acquisition and development of non-congregate shelter, tenant based rental assistance, supportive services, HOME-ARP rental housing, administration and planning, and nonprofit operating and capacity building assistance.

A certain portion of HOME-ARP funds must assist people in HOME-ARP "qualifying populations," which include:

- Sheltered and unsheltered homeless populations, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302(a)); Those currently housed populations at risk of homelessness, as defined in section 401(1) of the McKinney-Vento Homeless Assistance Act (42U.S.C. 113060(1));
- Those fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking; or,
- Other families requiring services or housing assistance or to prevent homelessness.

In September 2021, HUD announced that the State of Arkansas will receive \$37,547,010 in HOME-ARP funds, allocated by formula under the HOME entitlement program.

ADFA will utilize HOME ARP funds for non-congregate shelter housing, supportive services, and operating assistance expenses. Arkansas’s HOME-ARP Allocation Plan was accepted by HUD on November 14, 2022.

Low Income Housing Tax Credits (LIHTC)

Created by the Tax Reform Act of 1986, the Low-Income Housing Tax Credit (LIHTC) program gives state and local LIHTC-allocating agencies authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households. This program provides incentives for non-profit and profit motivated organizations and businesses to develop housing for low-income persons and families.

Arkansas receives an allocation of approximately \$8.5 million in Low-Income Housing Tax Credit per year. This does not include tax credit developments utilizing tax-exempt bond financing.

In 2021, ADFA has awarded 9% LIHTC tax credits to developers carrying out multi-family new construction projects in one HUD-mid, and two State-MID counties:

- Jefferson County, 4% tax credits totaling \$1,200,000 (total project cost of over \$19 million)
- Sebastian County, 9% tax credits totaling \$989,277 (plus \$450,000 in HOME funds and \$157,855 in state tax credits)
- Pulaski County, 9% tax credits totaling \$1,233,502 (plus \$450,000 in HOME funds and \$450,000 in NHTF)

In addition to the total of \$3,422,779 in awards listed above, ADFA has \$2.1 million available in 2023, as of October 17, 2022, making a total of \$5,522,779 available through the LIHTC program for multi-family housing.

National Housing Trust Fund (NHTF)

ADFA offers \$7,500,000 from the National Housing Trust Fund (NHTF), a federal program funded by HUD, established under Title I of the Housing and Economic Recovery Act of 2008, Section 1131 (Public Law 110-289), to complement existing federal, state, and local efforts to increase and preserve affordable housing

under its FY 2016-2018 National Housing Trust Fund Program. This was approved by the ADFA Board of Directors in 2016, 2017 and 2018. Applicants must be licensed to do business in Arkansas and may serve any community in Arkansas.

Arkansas NHTF funds may be used for the construction of rental housing for extremely low-income (ELI) veterans. ELI is defined as households with incomes of 30% of area median income (AMI) or below the poverty line (whichever is greater). Preference will be given to ELI Veterans with special needs, who are homeless or may become homeless, with mental health issues, or who are leaving correctional facilities.

In 2021, ADFA awarded \$450,000 in National Housing Trust Fund dollars to a developer carrying out multi-family new construction projects in one State-MID county:

- Pulaski County, \$450,000 in NHTF, \$450,000 in HOME Funds, and 9% tax credits, totaling \$1,233,502

In addition to the total of \$450,000 in awards listed above, ADFA has \$7.5 million available in 2023, as of October 18, 2022, making a total of \$7,950,000 available for multi-family housing through the NHTF program.

2. Updated Voluntary Local Residential Buyout Program:

Table 7: Updated Summary of Unmet Recovery Needs – Residential Buyouts

Category	Updated Unmet Need	Updated Additional Total Resources	Updated Total Unmet Need
Housing	\$21,213,290	\$103,225,834	\$0
<i>Residential Buyouts Initial Allocation</i>	<i>\$3,397,200</i>	<i>\$5,845,045</i>	<i>\$0</i>
FEMA HMGP		\$4,184,063	
FEMA FMA		\$1,660,982	

FEMA Hazard Mitigation Grant Program (HMGP)

FEMA’s Hazard Mitigation Assistance (HMA) program is an umbrella of funding programs FEMA uses to support communities in their effort to reduce risk to hazards and increase resilience. Specific to recovery, FEMA HMGP provides funding for hazard mitigation projects to states following a presidentially declared disaster. HMGP can fund both housing and infrastructure projects; elevation and the acquisition and demolition of private homes; and community flood control projects such as repairing drainage issues, ditch improvements, and repairing or replacing flood walls. HMGP funding is dependent on the amount of FEMA

IHP and PA provided to states post-disaster. FEMA provides 15% of the first \$2 billion provided through FEMA IHP and PA and 10% of the next \$8 billion.

Hazard Mitigation Grant Program funding is only available to applicants that reside within a Presidentially declared disaster area. Eligible applicants include state and local governments, Indian tribes or other tribal organizations, and certain non-profit organizations. Individual homeowners and businesses may not apply directly to the program; however, a community may apply on their behalf.

The State of Arkansas, through the Arkansas Division of Emergency Management (ADEM), administers the Hazard Mitigation Grant Program (HMGP).

In August 2020, the ADEM reported the following acquisition and demolition projects that had been obligated or were pending:

Table 8: ADEM HMGP Acquisition & Demolition Projects

County	Status	Federal Share	Non-Federal Share
Jefferson	Obligated	\$815,214	\$254,754
Perry	Pending	\$997,834	\$332,613
Desha	Obligated	\$476,705	\$111,820
Faulkner	Obligated	\$398,319	\$124,475
Faulkner	Pending	\$1,495,991	\$498,664
Total		\$4,184,063	\$1,322,326

Source: ADEM Report, HMGP Acquisition and Demolition Projects, August 2022

The state has determined that a majority of the obligated or pending acquisition and demolition projects listed above have already commenced or are completed, and the local governments have already provided or budgeted for the non-federal share. AEDC is therefore not providing CDBG-DR funds for non-federal local match for buyout properties.

Flood Mitigation Assistance Grant Program (FMA)

The Flood Mitigation Assistance Grant Program (FMA) is authorized by Section 1366 of the National Flood Insurance Act of 1968, as amended (NFIA), 42 U.S.C. 4104c, with the goal of reducing or eliminating claims under the National Flood Insurance Program (NFIP). FMA was created as part of the National Flood Insurance Reform Act (NFIRA) of 1994. The Biggert-Waters Flood Insurance Reform Act of 2012 (Public Law 112-141) consolidated the Repetitive Flood Claims and Severe Repetitive Loss grant programs into FMA. FMA funding is available through the National Flood Insurance Fund (NFIF) for flood hazard mitigation projects as well as plan development and is appropriated by Congress. States, territories, and federally recognized tribes are eligible to apply for FMA funds. Local governments are considered sub applicants and must apply to their Applicant State, territory, or federally recognized tribe.

The Flood Mitigation Assistance (FMA) grant program is funded by FEMA and administered through a partnership with the Arkansas Natural Resources Division (ANRD), Arkansas Department of Agriculture. The

ANRD has the authority and responsibility for reviewing FMA Program sub-applications, recommending technically feasible and cost effective sub-applications to FEMA and providing pass-thru funding for FEMA approved and awarded project subgrants to eligible sub-applicants.

FMA funds may be used for projects that reduce or eliminate the risk of repetitive flood damage to buildings insured by the National Flood Insurance Program (NFIP).⁸

Local governments, including cities, towns, counties, special district governments, and state agencies are considered eligible and must first submit a NOI to ANRD to be considered for participation in the grant program. All applicants for FMA must be participating in the NFIP, and not be withdrawn or suspended, to be eligible to apply for grant fund.

Homeowners, business operators, and non-profit organizations cannot apply directly to ANRD, but can be included in an application submitted by a town, city, county, or state.

In April 2020, the ANRD reported the following sub-applicant properties and budgets for the projects submitted under FMA FY2019:

Table 9: ANRD FMA Properties

County	Project Type	Federal Share	Non-Federal Share
Jefferson	Acquisition	\$879,856	\$17,167
Jefferson	Elevations	\$304,421	\$101,474
Perry	Acquisition	\$476,705	\$111,820
Total		\$1,660,982	\$230,461

Source: ANRD Report, HMGP FMA Properties, April 2020

The state has determined that a majority of the submitted projects listed above have already commenced or are completed, and the local governments have already provided or budgeted for the non-federal share. AEDC is therefore not providing CDBG-DR funds for non-federal local match for buyout properties.

3. Updated Analysis of Infrastructure Unmet Need:

Table 10: Updated Summary of Unmet Recovery Needs – Infrastructure

Category	Updated Unmet Need	Updated Total Resources	Updated Total Unmet Need

⁸ FEMA, National Flood Insurance Program, <https://www.fema.gov/flood-insurance>

Infrastructure	\$52,503,308	\$39,283,189⁹	\$13,220,119
FEMA PA		\$39,283,189	

The preliminary damage assessment as of October 4, 2022, lists estimated public assistance costs at \$8,582,911¹⁰, but total funds requested for PA projects to repair infrastructure facilities is currently valued at over \$52 million¹¹ but the number is thought to be significantly higher, as data on flood control works is not currently available.

A FEMA Public Assistance Applicant Workbook for DR-4441 indicates that 57 local government applicants requested a total of 301 projects (project worksheets received) requesting assistance. The public infrastructure costs derived from the FEMA project worksheets total just over \$52.5 million, a significant increase from the October 2022 preliminary damage assessment of \$8,582,911. The federal cost share is listed at 75% or \$39.28 million and the local share as just under 25%, or \$13.22 million.

FEMA PA Categories include:

Table 11: FEMA PA Categories

Category	Description
A	Debris Removal
B	Emergency Protective Measures
C	Roads and Bridges
D	Water Control Facilities
E	Public Buildings and Contents
F	Public Utilities
G	Parks, Recreational, and Other Facilities
Z	Grant Management Costs

The table below, with data provided by ADEM as of October 2022, provides the estimate, per FEMA PA category, for repairing infrastructure impacted by the disaster. The Federal Share column notes the federal cost share for each FEMA PA category, and the Estimated Local Share column notes the total non-federal cost share needed for the State of Arkansas to address infrastructure unmet recovery needs due to DR-4441.

Table 12: Updated Unmet Needs Breakdown by PA Categories¹²

PA Category	Total Project Amount	Federal Share	Estimated Local Share
A	\$8,445,756	\$6,348,576	\$2,097,180

⁹ DR-4441 Applicant Workbook, Public Assistance (PA) federal share of total project amount, provided by ADEM July 2022,

¹⁰ FEMA Preliminary Damage Assessment Report, [FEMA-4441-DR-AR](#), last updated October 4, 2022

¹¹ \$52.5 million is the total sum the total project amount of PA projects reported to AEDC by ADEM for county-level projects

¹² Arkansas Division of Emergency Management (ADEM), Applicant Workbook, October 2022

B	\$6,484,181	\$4,863,136	\$1,621,045
C	\$7,969,745	\$5,716,440	\$2,253,305
D	\$757,551	\$568,163	\$189,388
E	\$5,695,945	\$4,271,959	\$1,423,986
F	\$14,183,577	\$10,637,683	\$3,545,894
G	\$5,446,211	\$3,931,605	\$1,514,606
Z	\$3,520,341	\$2,945,627	\$574,714
Total	\$52,503,308	\$39,283,189	\$13,220,119

DR-4441 caused extensive damage to infrastructure across the 17 counties impacted by the disasters. As of October 2022, the disaster resulted in over \$52.5 million in damage to infrastructure, and the current unmet infrastructure need exceeds \$13.22 million.

Categories A and B cover emergency protective work and Categories C through G cover permanent work. As of October 2022, the estimated local share for FEMA PA projects related to DR-4441 is \$13,220,119. The following table provides a breakdown by PA Category.

Table 13: Updated Summary of Unmet Recovery Needs¹³

County	A	B	C	D	E	F	G	Z	Grand Total
Conway	\$1,603	\$82,991	\$103,833	\$1,355	\$0	\$0	\$0	\$0	\$189,782
Crawford	\$13,994	\$76,246	\$206,411	\$0	\$1,038	\$73,359	\$112,529	\$0	\$483,576
Desha	\$25,196	\$9,067	\$231,114	\$0	\$0	\$0	\$0	\$0	\$265,378
Faulkner	\$75,833	\$133,045	\$0	\$0	\$0	\$222,486	\$1,645	\$0	\$433,008
Franklin	\$0	\$4,986	\$467,184	\$0	\$0	\$23,082	\$4,158	\$0	\$499,410
Jefferson	\$68,322	\$32,811	\$34,512	\$56,712	\$46,358	\$77,688	\$463,592	\$0	\$779,994
Logan	\$0	\$28,491	\$54,255	\$0	\$31,247	\$0	\$0	\$0	\$113,993
Perry	\$12,294	\$20,954	\$657,499	\$0	\$0	\$31,367	\$0	\$0	\$722,113

¹³ Ibid.

Pulaski	\$1,801,579	\$1,123,509	\$97,356	\$79,807	\$119,656	\$2,955,333	\$621,906	\$574,714	\$7,373,861
Searcy	\$0	\$0	\$235,187	\$0	\$0	\$0	\$0	\$0	\$235,187
Sebastian	\$90,879	\$38,313	\$54,608	\$48,236	\$1,225,688	\$136,418	\$221,451	\$0	\$1,815,592
Yell	\$7,481	\$70,632	\$111,346	\$3,279	\$0	\$26,161	\$89,326	\$0	\$308,225
Totals	\$2,097,180	\$1,621,045	\$2,253,305	\$189,388	\$1,423,986	\$3,545,894	\$1,514,606	\$574,714	\$13,220,119

The FEMA PA projects will assist with addressing the unmet housing need by supporting the development of infrastructure to support the rebuilding of impacted communities. The state is proposing to use CDBG-DR funding to assist with the estimated local share or other identified needs for infrastructure projects to support its recovery from DR-4441. While the state considers all FEMA PA categories as needed for rebuilding from DR-4441, Categories C through G alone total \$8,927,179 of unmet need.

The summary table below includes damage (total project amount from Table 12, above), anticipated funding (federal share), and total unmet needs using the FEMA data above. This includes data for all counties impacted by DR-4441.

Table 14: Updated Total Infrastructure Unmet Needs in Impacted Counties¹⁴

Funding Source	Damage	Anticipated Funding	Updated Total Unmet Need
FEMA Public Assistance	\$52,503,308	\$39,283,189	\$13,220,119
Total Infrastructure	\$52,503,308	\$39,283,189	\$13,220,119

FEMA resources cover up to 75% of a project’s cost, leaving the state and/or local governments in the position of having to fund the remaining 25%. The state has determined that additional infrastructure needs exist and is therefore budgeting \$8,493,000 to provide for non-federal local match and other eligible infrastructure activities.

4. Economic Revitalization Unmet Need:

¹⁴ Ibid.

Table 15: Summary of Unmet Recovery Needs – Economic Revitalization

Category	Total Unmet Need Initial Action Plan	Updated Additional Total Resources	Updated Total Unmet Need
Economic Revitalization	\$5,174,194	\$917,500	\$4,256,694
SBA		\$917,500 ¹⁵	

Although data from the initial Action Plan shows that there is an unmet need for economic revitalization, the state is prioritizing infrastructure. At a later time, should unexpended grant funds become available and there is found to be remaining unmet infrastructure needs, the state may consider funding economic revitalization.

B. Revised CDBG-DR Allocation

Table 16: Proposed Substantial Amendment 1 CDBG-DR Budget by Program Category

Program Category	Program Name	Allocation	Percentage of Total
Infrastructure	Infrastructure Program	\$8,493,000	95%
Administration	Administration	\$447,000	5%
Total CDBG-DR Program Funding		\$8,940,000	

C. Proposed Infrastructure Program

Infrastructure damage caused by the 2019 floods was widespread, with 17 out of 75 counties impacted, reporting damage to roads, bridges, levees, dams, and many other critical infrastructure facilities. As of the date of the release of this Action Plan, estimated repair costs to infrastructure damage submitted to FEMA total approximately \$40 million, though the number is thought to be significantly higher, as full data on flood control works is not currently available. The 2019 disaster, which wreaked havoc on Arkansas, signaled a new reality of extreme weather events that occur with increased frequency and destructive power. The infrastructure damage sustained in the disaster had an immediate and, in many cases, ongoing impact on access to housing in many communities. The disasters also signaled the need to rebuild communities in a way that will mitigate against future risk and increase resilience.

In some cases, damaged public utilities are critical to the restoration of housing services in impacted areas. Examples of potential infrastructure projects include, but are not limited to streets, roads, bridges, sewer, and water systems necessary to complete housing recovery.

National Objective

Infrastructure activities must meet the low- to moderate-income or urgent need national objectives. The state will prioritize projects which meet the low- to moderate-income national objective, per the program scoring and selection criteria.

Eligible Area

Projects must be located within the areas identified in the January 27, 2020, Federal Register Notice (FRN) 85 FR 4681 (HUD- or State-identified MIDs).

The State has identified Faulkner, Sebastian, Desha, and Pulaski Counties as the State-identified MIDs. Jefferson and Perry Counties are the HUD-identified MIDs.

Eligible Activities

Infrastructure repair is an eligible activity as cited in 85 FR 4681, which authorizes the acquisition, construction, reconstruction, or installation (including design features and improvements with respect to such construction, reconstruction, or installation that promote energy efficiency) of public works, facilities (except for buildings for the general conduct of government), and site or other improvements. In addition, CDBG-DR funds may be used as the non-federal cost share match for FEMA-PA and HMGP projects.

Ineligible Activities

The maintenance and repair of public facilities and improvements is generally ineligible (e.g., filling potholes, repairing cracks in sidewalks, mowing grass at public recreational areas, or replacing street light bulbs), as cited in 85 FR 4681. Operating costs associated with public facilities or improvements are ineligible unless part of a CDBG-DR assisted public service activity or eligible as an interim assistance activity.

Allocation Amount

Consistent with the data HUD used in determining Arkansas's CDBG-DR allocation and the findings of the proposed Updated Unmet Needs Assessment, Arkansas proposes investing \$8,493,000 of its allocation toward unmet infrastructure needs.

Maximum Amount of Assistance

Units of general local governments (UGLGs), to include cities, towns, and counties, will be able to submit multiple applications. Each application will be limited to a requested amount which does not exceed the following limits:

- Up to \$8,493,000, UGLGs within HUD-identified MIDs (Jefferson and Perry Counties)
- Up to \$1,698,600, UGLGs within State-identified MIDs (Faulkner, Sebastian, Desha, and Pulaski Counties)

Method of Distribution

The state will solicit applications from eligible local governments through a Notice of Funding Availability (NOFA), for projects which will be competitively scored and carried out by a local government.

AEDC reserves the option to delay award(s) to ensure that at least 70% of funds benefit low- to moderate-income persons, and at least 80% of funds address unmet needs in the HUD-identified MIDS of Jefferson and Perry counties.

If additional funds become available, applications not previously selected may be considered.

Scoring Priorities and Selection Criteria

Eligibility of infrastructure project proposals will be assessed by AEDC. To be considered for funding, the proposed development must meet the following threshold criteria:

- Meet the low- to moderate-income persons or urgent need national objective;
- Be an eligible activity;
- Be located in a HUD- or State-identified Most Impacted and Distressed area (the State has identified Faulkner, Sebastian, Desha, and Pulaski Counties as the State-identified MIDs, and Jefferson and Perry Counties are the HUD-identified MIDs);
- Demonstrate a tie-back to DR-4441;
- Demonstrate a construction completion date of no later than October 1, 2026.

Once a proposal is determined to satisfy the threshold criteria, then AEDC will apply scoring based on the following Scoring Criteria. The maximum Scoring Criteria score is 100.

(1)	(2)	(3)	(4)	(5)	(5)	Total
Project Readiness	Management Capacity	LMI Benefit	Citizen Participation	Vulnerable Populations	Leveraging	Total Points
30	20	20	15	10	5	100

Item 1: PROJECT READINESS: Up to 30 points possible. Extent to which the applicant has documented that the project is construction ready. There is strong evidence of a commitment to proceed with the project, the

feasibility and cost estimates are up-to-date and reliable, financial resources are secured, and environmental review has been completed.

Item 2: MANAGEMENT CAPACITY: Up to 20 points possible. The level of capacity of the local government and its grant administrator to deliver services on-time and on-budget is demonstrated.

Item 3: LMI BENEFIT: Up to 20 points possible. This scoring category is designed to give points to communities with higher concentrations of LMI persons, and ensure the state meets its requirement to make at least 70% of the total allocation available to benefit LMI persons. AEDC will require the local government to consider and document the impacts of the proposed infrastructure activities and how they may affect members of protected classes under fair housing and civil rights laws, racially and ethnically concentrated areas, as well as concentrated areas of poverty, and vulnerable communities. AEDC will consider the proposed project’s effect on protected classes

Item 4: CITIZEN PARTICIPATION & PLANNING: Up to 15 points possible. Applicant’s description of public participation and the process used to identify community needs and allocate resources to address needs will be compared to other applicants. Proposed project aligns with or is part of a local or regional strategic or hazard mitigation plan.

Item 5: VULNERABLE POPULATIONS: Up to 10 points possible. In order of relative importance, AEDC will give priority points for projects which benefit the most vulnerable populations (such as the homeless and at-risk of homelessness, disabled persons, elderly persons, and families with children, especially those with income below 30 percent of the area median income), while also mitigating the area to protect against future loss of life and property in the face of subsequent flooding, while affirmatively furthering fair housing.

Item 6: LEVERAGING: Up to 5 points is possible Proposal budgets reflect efforts to leverage CDBG-DR funds with additional funding to address unmet needs. Budget narrative reflects research, quotes and/or contracted pricing.

Evaluation criteria will be fully defined in the program guidelines; however, prioritization and relative importance of each criterion will ultimately occur at the local level through the selection of projects to propose to AEDC for funding. Eligible jurisdictions may submit applications with multiple proposed projects. The application will require the jurisdictions to prioritize the requests in the event that not all projects are eligible or can be funded.

Timeline

Each project must be ready to proceed to provide outcomes to intended beneficiaries affected by the disaster. All projects must include a project timeline that allows AEDC to meet the six (6) year federal expenditure deadline. Infrastructure construction projects should be completed by October 1, 2026.

D. Public Comments

The formal public comment period for this amendment is December 12, 2022, through January 11, 2023, at 4:30 p.m.

Citizens and organizations should submit comments on this amendment by:

- Emailing them to JNoble@ArkansasEDC.com;
- Mailing them to AEDC at: Arkansas Economic Development Commission, Grants Division, Attn: Jean Noble, 1 Commerce Way, Suite 601, Little Rock, AR 72201

The Substantial Amendment may be provided in alternative formats (i.e., Braille, large print, audio tape) for the disabled upon request, or in Spanish upon request. Individuals who are hearing and/or speech impaired and have a TTY may contact the Department through the Statewide Relay System by calling 711, (800) 285-1131 for English, or (TTY), or (866) 656-1842 for Spanish. The relay operator should be asked to call AEDC at (800) ARKANSAS or (501) 682-7389. Additional information is available on the Arkansas Relay website at <http://www.arkansasrelay.com/>.

Arkansas ofrece el servicio de traducción a nuestros clientes en español. Los consumidores de TTY pueden escribir por máquina en español y las conversaciones serán retransmitidas en español y inglés.

E. Updated Projection of Expenditures and Outcomes

AEDC maintains a schedule of expenditures and outcomes, periodically updated in accordance with its mandatory reporting to HUD. The schedule of expenditures and outcomes is located at <https://www.arkansasedc.com/cdbg-disaster-recovery>

In accordance with the Notice, all funds will be expended within six years of HUD's initial grant agreement.

Projected Expenditures Chart

2021						
Program	Allocation	Q1	Q2	Q3	Q4	Remaining Funds
Infrastructure	\$ 8,493,000	\$ -	\$ -	\$ -	\$ -	\$ 8,493,000
Administration	\$ 447,000	\$ -	\$ -	\$ -	\$ -	\$ 447,000
Grand Total	\$ 8,940,000	\$ -	\$ -	\$ -	\$ -	\$ 8,940,000
Remaining Funds		\$ 8,940,000	\$ 8,940,000	\$ 8,940,000	\$ 8,940,000	
2022						
Program	Allocation	Q1	Q2	Q3	Q4	Remaining Funds
Infrastructure	\$ 8,493,000	\$ -	\$ -			\$ 8,493,000
Administration	\$ 447,000	\$ -			\$ 17,000	\$ 430,000
Grand Total	\$ 8,940,000	\$ -	\$ -	\$ -	\$ 17,000	\$ 8,923,000
Remaining Funds		\$ 8,940,000	\$ 8,940,000	\$ 8,940,000	\$ 8,923,000	
2023						
Program	Allocation	Q1	Q2	Q3	Q4	Remaining Funds
Infrastructure	\$ 8,493,000	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 8,093,000
Administration	\$ 447,000	\$ 22,500	\$ 22,500	\$ 30,000	\$ 35,000	\$ 320,000
Grand Total	\$ 8,940,000	\$ 22,500	\$ 22,500	\$ 230,000	\$ 235,000	\$ 8,413,000
Remaining Funds		\$ 8,900,500	\$ 8,878,000	\$ 8,648,000	\$ 8,413,000	
2024						
Program	Allocation	Q1	Q2	Q3	Q4	Remaining Funds
Infrastructure	\$ 8,493,000	\$ 300,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 6,593,000
Administration	\$ 447,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 180,000
Grand Total	\$ 8,940,000	\$ 335,000	\$ 435,000	\$ 435,000	\$ 435,000	\$ 6,773,000
Remaining Funds		\$ 8,078,000	\$ 7,643,000	\$ 7,208,000	\$ 6,773,000	
2025						
Program	Allocation	Q1	Q2	Q3	Q4	Remaining Funds
Infrastructure	\$ 8,493,000	\$ 500,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 3,093,000
Administration	\$ 447,000	\$ 35,000	\$ 30,000	\$ 25,000	\$ 25,000	\$ 65,000
Grand Total	\$ 8,940,000	\$ 535,000	\$ 1,030,000	\$ 1,025,000	\$ 1,025,000	\$ 3,158,000
Remaining Funds		\$ 6,238,000	\$ 5,208,000	\$ 4,183,000	\$ 3,158,000	
2026						
Program	Allocation	Q1	Q2	Q3	Q4	Remaining Funds
Infrastructure	\$ 8,493,000	\$ 1,000,000	\$ 1,000,000	\$ 593,000	\$ 500,000	\$ -
Administration	\$ 447,000	\$ 22,500	\$ 22,500	\$ 12,000	\$ 8,000	\$ -
Grand Total	\$ 8,940,000	\$ 1,022,500	\$ 1,022,500	\$ 605,000	\$ 508,000	
Remaining Funds		\$ 2,135,500	\$ 1,113,000	\$ 508,000	\$ -	
2027						
Program	Allocation	Q1	Q2	Q3	Q4	Remaining Funds
Infrastructure	\$ 8,493,000					\$ -
Administration	\$ 447,000					\$ -
Grand Total	\$ 8,940,000	\$ -	\$ -	\$ -	\$ -	
Remaining Funds		\$ -	\$ -	\$ -	\$ -	

Updated 12/7/2021.