

Grantee: State of Arkansas

Grant: B-08-DF-05-0001

July 1, 2009 thru September 30, 2009 Performance Report

Grant Number:

B-08-DF-05-0001

Obligation Date:**Grantee Name:**

State of Arkansas

Award Date:**Grant Amount:**

\$4,747,501.00

Contract End Date:**Grant Status:**

Active

Review by HUD:

Original - In Progress

QPR Contact:

Basil Julian

Disasters:

Declaration Number

No Disasters Found

Plan Description:

II. The Effects of the Disasters and Arkansas Recovery Needs A. Areas Affected by the Disasters In May 2008, the State of Arkansas was devastated by a series of tornadoes, floods and severe storms that inflicted serious damage to a significant portion of the state. In addition to the loss of life and serious injuries that resulted from these natural disasters, damage estimates to public and private buildings and infrastructure soared into the millions of dollars. Despite assistance from the Federal Emergency Management Agency (FEMA), the Economic Development Administration (EDA), the Small Business Administration (SBA), insurance companies and public and private benefactors, many areas of Arkansas remain financially stressed due to rebuilding costs and income loss resulting from business disruptions. The massive scope of damage from these disasters prompted President Bush to issue multiple disaster declarations. Counties identified in one of these declarations are eligible for assistance appropriated under PL 110-252, the Supplemental Appropriations Act, 2008. Table 1 Arkansas Counties Under Disaster Declarations Eligible for PL 110-252, 2008 Assistance Incident Period Disaster Number Declaration Date Number of Counties Affected* May 2 May 12, 2008 FEMA #1758 May 20, 2008 12 *A map of affected counties is included in Attachment A to the Action Plan. 1. FEMA Disaster #1758 On May 20, 2008, President Bush issued a Presidential Disaster Declaration for Arkansas counties damaged by tornadoes and flooding from storms that hit the state beginning May 2nd. The following 12 counties were included in the disaster declaration: Arkansas, Benton, Cleburne, Conway, Crittenden, Grant, Lonoke, Mississippi, Phillips, Pulaski, Saline and Van Buren. B. Federal and State Disaster Responses To effectuate disaster relief, long-term recovery, and restoration of infrastructure in areas affected by flooding and other natural disasters, Congress passed the Supplemental Appropriations Act of 2008 (Public Law 110-252, approved June 30, 2008) to help states fund unmet needs resulting from these disasters. On October 27, 2008, HUD announced the release of \$4,747,501 to the State of Arkansas to address needs in counties included in President Disaster Area # 1758. C. Ongoing Damage Assessment Assessing the total financial needs of the state resulting from the disasters is a difficult and ongoing process. To determine the extent of damages in each county, the Arkansas Economic Development Commission (AEDC) received from the Arkansas Department of Emergency Management (ADEM) FEMA data, estimating the extent of public damages in each county by disaster. In addition, the AEDC solicited community and county damage information from each of the states eight Planning and Economic Development Districts (Districts) (See Appendix B). In estimating the need for CDBG assistance in the affected counties, the AEDC will rely upon information supplied by FEMA, ADEM, and the mayors and county judges of Arkansas in conjunction with each district. Since the full extent of the states needs cannot be determined at this time, the initial Action Plan will only outline the major categories for funding with estimated dollar amounts set aside for each District. Set aside amounts may be adjusted in amendments to the Action Plan should more accurate information become available.

Recovery Needs:

I. Methodology Used to Distribute Funds

A. Allocation Formula

To insure that local needs are addressed in a timely and equitable manner, the state will rely on assistance from the eight Districts in the state. Because Arkansas Districts have toured areas affected by the disasters and have maintained ongoing dialogue with every unit of local government affected by the 2008 disasters, they are therefore

well qualified to inform the AEDC of local recovery needs.

On February 5, 2009 the state held a meeting of key stakeholders to assist in the development of an equitable method to distribute CDBG supplemental appropriations. Attendees included representatives from each District, as well as representatives from the Arkansas Community Development Association (ACDA), the organization of Arkansas entitlement cities. Also in attendance were representatives from the IEA and ADF. As a result of this meeting, a task force was established to assist in the development of a distribution method. The task force recommended that a formula be developed that would set aside funds for Districts to distribute to cities and counties within their geographic area. The proposed formula would use the following variables to determine the amount of money to set aside for each District.

1. The amount of Public Assistance (PA) damage assessed in each county by FEMA for disaster FEMA #1758 (50% of the scoring).
2. The percentage of low-to-moderate income (LMI) persons residing in each county as documented by the 2000 Census (25% of the scoring).
3. The number of LMI families residing in each county as documented by the 2000 Census (25% of the scoring).

Based upon preliminary calculations* funding for all disasters would be distributed among Districts as follows:

Central Arkansas Planning & Development (Six counties) - \$953,765
 East Arkansas Planning & Development (Twelve counties) - \$1,250,328
 Northwest Arkansas Economic Development District (Nine counties) \$293,763
 Southeast Arkansas Economic Development District (Ten counties) -\$915,606
 West Central Arkansas Planning & Development (Ten counties) - \$374,867
 White River Planning & Development District (Ten counties) - \$722,078

Southwest Arkansas Planning and Development District and Western Arkansas Planning and Development District would receive no funding because none of their counties were included in the defined disaster area declared by FEMA #1758.

*Note: These amounts exclude 5 percent of the allocations for administration costs. Adjustments to these amounts may be made should more reliable damage information become available. See Appendix D for Fund Distribution by County.

B. Pre-Application Process

The task force also reviewed and approved a one-page pre-application form (See Appendix E) developed by AEDC that cities and counties would be required to complete to request disaster funding. To expedite the pre-application review process, the task force agreed with an AEDC recommendation that the Districts assist in the initial screening of projects for general compliance, eligibility and need. The pre-applications will then be forwarded to AEDC for scoring. The highest scoring applicants within each District will be invited by the AEDC to submit a full application for funding.

The task force is currently developing scoring criteria based upon the following variables including, but not limited to:

1. Urgency of need, as defined by the degree of threat to the health, safety and welfare of the community
2. Percentage of persons in the project area who are of low to moderate income
3. Extent of loss of housing units in the neighborhood community or county, especially those units affordable to low and moderate income persons
4. Time frame for completion of the project
5. Number of declared disasters affecting the county in 2008
6. Amount of total dollar damage affecting the applicant area

Final variables and exact weighting of each variable will be determined by the task force at a later time, prior to initiation of the pre-application process.

Counties and cities, including entitlement cities are eligible to submit pre-applications for funding consideration. All projects must meet a national objective and provide disaster relief, long-term recovery, or restore infrastructure.

Any funds not used in any District may be transferred to another District at the discretion of the AEDC. Under no circumstances may funds duplicate other benefits.

| Overall | This Report Period | To Date |
|--|---------------------------|----------------|
| Total Projected Budget from All Sources | N/A | \$237,375.00 |
| Total CDBG Program Funds Budgeted | N/A | \$237,375.00 |
| Program Funds Drawdown | \$0.00 | \$0.00 |
| Obligated CDBG DR Funds | \$0.00 | \$0.00 |
| Expended CDBG DR Funds | \$0.00 | \$0.00 |
| Match Contributed | \$0.00 | \$0.00 |
| Program Income Received | \$0.00 | \$0.00 |
| Program Income Drawdown | \$0.00 | \$0.00 |

Progress Toward Required Numeric Targets

| Requirement | Required | To Date |
|------------------------------------|--------------|---------|
| Minimum Overall Benefit Percentage | 50.00% | 0.00% |
| Minimum Non-Federal Match | \$0.00 | \$0.00 |
| Limit on Public Services | \$712,125.15 | \$0.00 |
| Limit on Admin/Planning | \$237,375.05 | \$0.00 |
| Limit on State Admin | \$0.00 | \$0.00 |

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

Overall Progress Narrative:

February 5, 2009, stakeholders meeting in Lonoke, Arkansas at the Central Arkansas Planning & Development District's office.

February 25, 2009, Public Hearing in Little Rock at the University of Arkansas Little Rock's Cooperative Extension's auditorium.

March 31, 2009, stakeholders meeting at the USDA office in Conway, Arkansas.

July 22, 2009, stakeholders meeting at the Association of Counties auditorium in Little Rock, Arkansas.

Project Summary

| Project #, Project Title | This Report Period | To Date | |
|----------------------------------|------------------------|------------------------|------------------------|
| | Program Funds Drawdown | Project Funds Budgeted | Program Funds Drawdown |
| 9999, Restricted Balance | \$0.00 | \$0.00 | \$0.00 |
| ADMIN-MIDWEST-DF, MIDWEST FLOODS | \$0.00 | \$0.00 | \$0.00 |