

**ARKANSAS
COMMUNITY DEVELOPMENT BLOCK
GRANT DISASTER RECOVERY PROGRAM
CDBG-DR**

\$8,940,000 Allocation

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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

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Record of Amendments

Summary of Arkansas DR-4441 Disaster Recovery Action Plan Amendments

Date Amendment Approved		Description of Amendment

Table of Contents

Executive Summary.....	6
Section One – Introduction.....	12
Appropriations Act.....	12
Section Two: Summary of Disaster Damage and Presidential Declaration	15
Description of Storm Events	14
Storm Impact and Presidentially Declared Counties	15
Counties Eligible for Assistance	19
FEMA Eligibility Map	21
Section Three: Arkansas Disaster Recovery.....	22
Arkansas Disaster Recovery Framework.....	22
Section Four: Unmet Needs Assessment.....	24
Unmet Needs Assessment Purpose	24
Calculating Unmet Needs.....	25
Determining the Most Impacted and Distressed Areas.....	25
Serious Unmet Housing Needs.....	26
Serious Unmet Business Needs.....	27
Unmet Infrastructure Needs	29
Unmet Needs Assessment Scope.....	29
Eligible Counties	30
CDBG-DR Eligible Counties Map.....	31
Areas Designated “Most Impacted and Distressed”	31
Section Five: Community Profile and Overall Storm Impact	32
Pre-Disaster Conditions.....	32
Economic Impacts and Conditions.....	33
Declared Counties vs. Arkansas/U.S. in Demographics	34
Population Density.....	38
Income Levels.....	39
Aging.....	39
Education	39

Social Vulnerability.....	40
Section Six – Impact and Unmet Needs Assessment.....	43
Impact on Low- to Moderate-Income Households	43
Overview of Impact to Core Sectors	45
Impact on Infrastructure	45
Infrastructure Unmet Needs.....	45
Impact on Housing.....	52
Owner-Occupied and Renter-Occupied Housing.....	55
Housing Unmet Needs.....	60
Owner-Occupied Unmet Needs	62
Affordable and Public Housing.....	68
Housing Impact to Vulnerable Populations.....	68
Arkansas Homeless Statistics	68
Economic Impacts & Business Unmet Needs.....	71
Estimated Economic Revitalization Unmet Need	72
Planning Needs.....	74
Public Service Needs.....	75
Resiliency Needs Assessment.....	75
Federal Assistance Provided.....	76
Section Seven - Method of Distribution & Program Priorities	80
Method of Distribution.....	80
Program Priorities.....	83
Overall Requirements.....	83
Additional Priorities.....	84
Prioritizing Vulnerable Populations	84
Enhancing Resilience.....	85
Leveraging Recovery Programs.....	85
Section Eight– Program Design & Connection to Unmet Need	86
Public Facilities and Public Improvements	86
Infrastructure and Public Facilities Program.....	86
Infrastructure Local Match.....	91

Housing Activities	86
Housing Assistance Program	86
Voluntary Local Buyouts & Acquisition	101
Residential Buyouts.....	101
Relocation Assistance.....	102
Tenant Relocation Assistance	103
Hazard Mitigation Grant Program (HMGP) Local Match	103
Flood Mitigation Assistance (FMA) Local Match.....	103
Multi-Family Rental Recovery	104
Public Housing & Homeless Shelters.....	105
Section Nine – Grant Administration.....	106
Administrative Funds	106
Grant Management Capacity.....	107
Expenditures	107
Amendment Process	107
Administration Requirements.....	108
Program Implementation.....	109
Monitoring and Compliance	114
Stakeholder Engagement.....	115
Public Website	115
Citizen Participation.....	115
Jurisdictional Engagement.....	116
Policies & Procedures.....	116
Training & Technical Assistance	116
Appendix A – Acronyms List.....	118
Appendix B – CDBG Disaster Recovery Website DR-4441.....	120
Appendix C – CDBG-DR Citizen Participation Plan.....	121
Appendix D – CDBG-DR Four Factor Analysis Language Access Plan (LAP)	125
Appendix E – Certifications	136
Certifications Waiver and Alternative Requirement.....	136
Appendix F – Public Participation & Stakeholder Engagement	139

Executive Summary

During the week of May 21st, a ridge of high pressure built over the southeastern United States. In that week, six to 12 inches of rain fell in parts of the Plains and Midwest, impacting northeast Oklahoma requiring releases from already high lakes. This resulted in widespread flooding and produced record-breaking crests downstream along the Arkansas River. A river flood of this magnitude has never happened before and had significant and widespread impacts along the Arkansas River according to inundation models released by the Army Corps of Engineers. Additional rainfall over Northwest Arkansas prolonged major flooding by several days, putting prolonged pressure on river levees. In addition to monitoring the Arkansas River, the National Weather Service monitored the Mississippi River.

Arkansas River Flooding Weather Forecast Office Little Rock, AR Updated June 9, 2019 12:00 PM CDT 					
Location	Latest Stage	Flood Stage	Projected Crest	Crest Info	Flood Category (Currently)
Van Buren	25.8 ft @ 11 AM	22.0 ft	Falling	Crested R	Minor
Ozark	362.5 ft @ 11 AM	357.0 ft	Steady	Cresting	Minor
Dardanelle	30.6 ft @ 11 AM	32.0 ft	Falling	Crested R	Below Flood
Morrilton	35.3 ft @ 11 AM	30.0 ft	Falling	Crested R	Moderate
Toad Suck	278.7 ft @ 10 AM	275.0 ft	Falling	Crested R	Moderate
Little Rock	24.5 ft @ 10 AM	23.0 ft	Falling	Crested	Minor
Pine Bluff	48.3 ft @ 11 AM	42.0 ft	Falling	Crested	Major
Pendleton	35.9 ft @ 11 AM	31.0 ft	Falling	Crested R	Major

It is estimated that flooding in the Arkansas River basin caused \$3 billion in damage. Five deaths were reported in Arkansas. After the storming and flooding ended, 17 of Arkansas's 75 counties were declared Federal disaster areas. More than 1,147 residences homes were initially assessed as damage, destroyed, or affected. In addition, there were initial estimated damages of \$8,582,911 million to roads, bridges and other public infrastructure. This assessment would increase in size to just under \$50 million when final FEMA Project Worksheets were tallied. FEMA deployed its host of tools in the Individual Assistance and Public Assistance Programs.

As with all disasters, the assessment of damage is done multiple times by different organizations and for different purposes. This document tries to reflect those counts as time progressed to show the need and

impact resulting from the flooding. To the reader, the numbers may not flow perfectly, or even match, but that may be the result of a time period or a program threshold. Most important is the number of people who reached out for help. The Arkansas Economic Development Commission (AEDC) Grants Division used those numbers as the basis of unmet need calculations while attempting to verify it with current survey information.

In the months after the flooding, and as a result of the allocation of Supplemental Disaster CDBG funding, the AEDC Grants Division, in conjunction with its partner agencies, the Arkansas Department of Emergency Management (ADEM), the Arkansas Development Finance Authority (ADFA), and the Arkansas Natural Resources Division (ANRD), Department of Agriculture, assessed the remaining unmet need in the affected counties. Unmet need was discovered in the areas of housing, public infrastructure and economic revitalization.

Unmet needs, as defined by HUD, are needs that are not covered by other funding sources and can be covered by CDBG-DR funds. This Action Plan includes an Unmet Needs Assessment (UNA) that analyzes the impacts of DR-4441 and unmet needs related to housing, infrastructure, and the economy. HUD estimated a total of \$8,940,268 in unmet needs, including \$4,174,349 in serious unmet housing need in the most impacted area, \$2,040,158 for the 25% local share toward unmet infrastructure needs for FEMA Category C to G public assistance projects, and \$2,725,761 for serious unmet business needs.

This Action Plan utilizes more current and comprehensive data to estimate unmet needs. As a result, we estimate a total of \$18,466,828 in unmet needs, including \$7,959,073 for housing, \$7,781,994 for infrastructure, and \$2,725,761 in economic recovery needs.

This Action Plan outlines the use of those CDBG disaster funds in a manner that directly addresses the unmet need. The focus initially is on housing, as required in the Federal Register, and the Plan specifies a number of funding categories that affected communities can access to assist them with their specific needs. Because the State found more unmet need than the initial allocation of funds, the State will prioritize project applications (and ensure access by “most impacted”) by adding points based upon a score which is aggregated from two factors: the relative damage to housing in the County as compared to the total housing in the County and the severity of the County’s SoVI® index number.

The CDBG Disaster Recovery Program will accept applications using an “open cycle” format allowing cities and counties to apply under any of the categories established. The expenditure of funds rate will be analyzed to ensure a timely use of funds. If the “open cycle” methodology is not producing applications and activities at a pace consistent with the planned expenditure rate, the State reserves the right to establish category deadlines with the intention of increasing the expenditure pace. Any change in access to applications for assistance will be announced publicly. Maximum application amounts, if applicable, and maximum beneficiary amounts, if applicable are spelled out in the Plan.

At the point that the unmet housing need is exhausted, the Grants Division will formally amend the Plan to reflect the use of remaining funds in areas of unmet need in the categories of infrastructure and economic revitalization. This current Plan provides the unmet needs information for both of those categories and the

amended Plan will provide an update as well as a method of distribution that reflects areas most impacted. The amendment will provide detail on categories of funding available, deadline dates, as applicable, and any maximums per applicant or beneficiary.

Arkansas will implement three programs to address its unmet needs, as summarized in Table 0-1 below. For infrastructure, the State will implement a Non-Federal Share Match program to meet the local match requirement for the Federal Emergency Management Agency (FEMA) Public Assistance (PA), FMA and Hazard Mitigation Grant (HMGP) programs. As discussed in the Introduction (located in the next section of the document), the economic and fiscal crisis brought on by Coronavirus Disease 2019 (COVID-19) increases the challenge for local governments to meet match requirements. This means that projects eligible for funding under PA, FMA and HMGP may not be feasible without match resources from CDBG-DR. For Housing, Arkansas will implement three programs designed to assist local governments with meeting the local match for voluntary buyout for redevelopment and acquisition projects, and to help support low- and moderate- income households with home purchases, and other housing assistance. Unmet economic recovery needs will be met with other resources, including resources related to COVID-19 recovery as appropriate.

The following table illustrates the State’s CDBG-DR categorical funding allocations and are current to date. It should be understood that the requested funds as illustrated in the table below are based solely on preliminary estimates at the time of submission. The table below reflects the most current CDBG-DR category funding amounts and is updated each time a non-substantial or substantial amendment is accomplished. Each numbered revision submitted to HUD for approval is meant to supersede the earlier category totals in the earlier published Action Plan.

Program Category	Program Name	Allocation	Percentage of Total Budget
Infrastructure Programs	<i>Infrastructure and Public Facilities</i>	\$2,500,000	28%
	Total Infrastructure and Public Facilities Program	\$2,500,000	28%
Housing Programs	<i>Buyouts & Acquisitions: HMGP Match Program</i>	\$1,250,000	14%
	<i>Buyouts & Acquisitions: FMA Match Program</i>	\$600,000	7%
	<i>Multi-Family Rental Recovery Program</i>	\$3,693,000	41%
	Total Housing Assistance Program	\$5,543,000	62%
Planning and	Planning¹	\$450,000	5%

¹ Planning activities must benefit the HUD-identified most impacted and distressed areas to be counted towards the State’s 80 percent expenditure requirement

Administration	Administration	\$447,000	5%
Total CDBG-DR Program Funding		\$8,940,000	

AEDC anticipates that in some cases CDBG-DR funding could potentially be available later in the program due to unforeseen events such as the cancellation of projects; projects completed under budget; or from funds designated but not allocated. AEDC reserves the right to adjust any of the remaining CDBG-DR funding to ensure maximum utilization of funds. Such CDBG-DR “Reuse” funding adjustments shall be the minimum amount necessary to fund projects efficiently. The CDBG-DR Reuse funding is also being made available to offset any unforeseen project eligible cost increases such as in the case of construction. All CDBG-DR Reuse funding will be subject to the same expenditure deadlines and compliance requirements set forth in the Federal Register Notice. Funding deemed Reuse will be evaluated and allocated according to the following considerations.

In addition to first meeting the core CDBG-DR Program eligibility requirements as outlined in this Action Plan, Reuse funding will be prioritized in order to allow the State to meet the minimum Federal Register specified objectives should these objectives still remain unfulfilled at the time of the Reuse funding availability. Should this happen, the AEDC may continue to fund down the officially scored list of submitted CDBG-DR applications for eligible disaster recovery activities as long as funding and time restrictions permit. Any additional requested disaster activity funding will be subject to the same expenditure and compliance deadlines set forth in the Federal Register Notice and CDBG-DR program selection priorities established by the State.

Reuse funding will be first considered for current grantees whose projects have been significantly impacted by unforeseen increased project completion costs and require additional funds to ensure timely completion of their eligible project.

Reuse funding consideration will depend on the amount required by the eligible CDBG-DR project in relation to the amount of limited remaining CDBG-DR funding available.

Reuse funding consideration will depend on the amount of time required for final project completion in relation to the amount of time remaining under the imposed Federal Register Notice deadlines.

Any remaining CDBG DR funding that cannot meet the expenditure deadlines and compliance requirements set forth in the Federal Register Notice will be returned to HUD as required under federal guidelines.

The State's first priority is to get CDBG-DR funding to as many affected residents as possible in order to assist them in repairing their homes, infrastructure, and small businesses so they can get their lives back in order and get the local economy back in business. With this priority in mind, the State has developed additional factors to determine allocations of the Funding down to the level of specificity required by HUD.

The following additional factors (priorities) will guide the allocation of CDBG DR funding:

The State's estimate of the unmet needs in the activity areas for which the funding can be used.

The State's estimates are based on its review of FEMA, SBA, Census data, and the results of the surveys designed by the State and submitted to the State by municipalities and other local stakeholders in the eligible areas.

The unmet needs estimate is necessarily preliminary. The State recognizes that the actual needs of the State's communities in the aftermath of the disasters will change as recovery and rebuilding programs are implemented. As such, the State continues to receive and evaluate new or revised data pertaining to unmet needs and the availability of funding from private insurance, FEMA, SBA and other sources. The State's estimate of the both the number of homes and businesses affected by the disasters as well as the magnitude of unmet needs will continue to be refined.

The majority of CDBG-DR funding under this Action Plan will be used to fund housing and infrastructure unmet needs. Since much of the necessary data is still being gathered and analyzed by the State, regional planning organizations and units of local government, and since future allocations (subject to Federal Funding) of CDBG-DR Program funding will focus on unmet infrastructure and public facility's needs, a description of the allocation of such future funds will be set forth in any future plan required in connection with such funds.

The prioritization of (a) infrastructure, resiliency, and housing activities and other activities that directly addresses an unmet need and can be commenced with minimal delay and thereafter completed promptly and, (b) in the case of more complicated projects, necessary planning and predevelopment work that will facilitate the speedy commencement and completion of such projects should additional funds are allocated to the State.

The availability of sufficient funds to efficiently and effectively administer the CDBG-DR funding in compliance with all applicable laws.

Direct Relationship to the Disaster Area. All projects must show a direct relationship to the DR 4441 Disaster Declaration and must be located in the impact area. Projects must show the damage that still needs to be addressed (unmet need) or the mitigation/resiliency measures to be taken to prevent or lessen the impacts of a future related disaster.

Readiness to Proceed. Each project must be capable of being undertaken (design and construction) immediately to provide outcomes to intended beneficiaries affected by the disaster. All projects must include a project timeline that allows AEDC to meet the Federal six (6) year deadline.

Feasibility. Each project must be found to be financially feasible, sustainable and likely to contribute to

the long-term recovery of the disaster impacted community.

Recovery needs change over time. As program needs evolve, programs may shift and change to meet the need. Changes to unmet needs, which result in a change in program benefit or eligibility criteria, the addition or deletion of an activity, or the allocation or reallocation of funds may result in either a non-substantial or substantial amendment to the Action Plan.

Section One – Introduction

Appropriations Act

On December 3, 2019, the U.S. Department of Housing and Urban Development (HUD) allocated over \$2.3 billion to support the long-term disaster recovery process associated with disasters since 2017, including FEMA DR 4441 (the Arkansas River Flooding), declared on June 8, 2019, as well as other hard-hit areas in 15 states and four U.S. territories.

Of that \$2.3 billion, Arkansas is expecting to receive an allocation of \$8,940,000 in disaster recovery funds for necessary expenses for activities authorized under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et. Seq.) related to housing redevelopment and rebuilding, business assistance, economic revitalization, and infrastructure repair. The State of Arkansas will be required to spend the majority of these recovery funds in “most impacted” areas as identified by HUD, which include Jefferson and Perry Counties. HUD has issued administrative guidelines in the form of the January 27, 2020 Federal Register Notice 85 FR 4681 (applicability date, February 3, 2020), for funding appropriated under Public Laws 115-254 and 116-20, for use of the funds to address grantees’ long-term recovery needs, particularly in the area of housing recovery.

These funds are to be used to satisfy a portion of unmet need that remains after other federal assistance, such as the Federal Emergency Management Agency (FEMA), Small Business Administration (SBA), and/or private insurance, has been allocated.

HUD uses the “best available” data to identify and calculate unmet needs for disaster relief, long-term recovery, restoration of infrastructure, and housing and economic revitalization. Based on this assessment, HUD notified the State of Arkansas that it will receive an allocation of \$8,940,000 in disaster recovery funds to assist in recovery from the floods of 2019.

In the few months since the allocation was announced, the nation has experienced the COVID-19 pandemic. Along with rest of the nation, this unprecedented public health crisis is profoundly changing economic conditions within the state for foreseeable future, and, as a result, tax revenues are declining due to reductions in economic activity. Although extensive federal resources are being directed to governments, businesses, and individuals to mitigate the impact of the COVID-19 pandemic, just as with the 2019 disasters, the actual needs far exceed the amount of funds available. While working to ensure that this downturn is as short-lived as possible, it is incumbent upon the state to pursue policies and outcomes that maximize the financial resources available. The State of Arkansas faces the difficult work of assessing where the greatest needs and impacts lie.

It is in this emerging environment that the state must consider how best to make use of the CDBG-DR funding which, by federal law, is intended to address unmet recovery needs arising from the 2019 event. This Action Plan responds to unmet needs arising from the 2019 disasters, yet it has been shaped by the current and projected impacts of the COVID-19 health crisis. While this Action Plan may not be what was envisioned when the drafting effort was launched in February of 2020, the use of CDBG-DR funds is consistent with enabling the plan to provide substantial and lasting benefit to Arkansans in the

years to come.

In addition to the significant CDBG-DR funds, the state will be receiving an estimated \$50 million from FEMA through its PA program for the repair and reconstruction of public infrastructure. Additionally, the state will receive over \$1.2 million through HMGP and approximately \$568,000 Flood Mitigation Assistance (FMA) to protect against future damage via acquisition, demolition, and elevation projects both within and outside of the floodplain. The funding allocated under these three programs has the potential to generate positive direct and indirect impacts on housing across Arkansas.

These FEMA resources, while generous, can only 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%. Prior consideration by the state to partially address this requirement using tax revenues is now problematic, as those tax receipts have fallen and are likely to remain abnormally low over the next few years. This largely leaves the burden to local governments to meet the 25% match requirement. Many governments were already in an arduous financial environment prior to the pandemic and associated economic downturn.

To this end, to ensure that FEMA funds are made available and invested in projects beneficial to Arkansas, it has become apparent that an alternative source of the necessary matching funds must be identified. One of the attractive features of CDBG-DR is that, in most cases, it can be used as the state or local matching funds for other federal programs, including FEMA PA, HMGP, and FMA. As such, this Action Plan devotes at least 20% of the available CDBG-DR funding as matching funds to FEMA programs to maximize the overall investment in Arkansas's flood recovery effort.

The Action Plan does not put forward economic development programming. The COVID-19 crisis has had a profound impact on businesses in the State of Arkansas and offers unique funding opportunities to address needs of these businesses. Given the timing of this crisis, it would have been challenging for businesses to separate ongoing unmet needs from the 2019 disasters from the needs arising from the current economic crisis. This challenge was avoided in order to maintain compliance with the Federal Register, which strictly dictates that the CDBG-DR allocation is not allowed to contribute to needs not related to DR-4441.

CDBG-DR represents a down payment against unmet long-term recovery needs, which this Action Plan estimates at approximately \$18.5 million. The reality is that difficult decisions on the deployment of the CDBG-DR funds were always on the horizon, and the COVID-19 crisis has altered the state's evaluation of the alternatives. In making these decisions, it is important for Arkansans with unmet recovery needs and for Arkansas's federal partners to understand that there is a concerted commitment to finding the best possible options to address those remaining needs. Many such needs can be resolved more quickly, effectively, and reasonably with resources other than CDBG-DR. Our goal is ensuring that Arkansas recovers from the 2019 floods and is more resilient in the face of any similar event in the future. The Disaster Relief Appropriations Act requires that the state or local government must expend the funds within six years of the signed agreement between HUD and the grantee unless an extension is granted by HUD. To ensure that the funds assist the most impacted areas, at least 80 percent of the combined total awarded to the state will go to the most impacted and distressed counties. All the allocated funds must be used for eligible disaster-related activities. Effective controls must be in place and monitored for compliance to ensure that fraud, waste, and misuse of funds does not occur.

The State of Arkansas will serve as the grantee for the CDBG-DR program and the Arkansas Economic Development Commission (AEDC) will be responsible for overseeing the administration of different grant-funded recovery programs. In compliance with the policies and procedures of the CDBG-DR program, AEDC has developed this Action Plan (“Plan” or “AP”) to:

- Summarize the unmet needs of recovery from DR-4441;
- Describe the method of distribution of funding; and
- Describe the programs and activities that AEDC will implement using the funding.

AEDC also administers the State CDBG Program. The purpose of CDBG-DR funding is similar to the CDBG program in terms of the core principles (e.g., meeting of the national objectives) and cross-cutting requirements (e.g., procurement requirements). Key differences between the CDBG program and the CDBG-DR funding includes elements of eligibility (e.g., “tie-back” to the declared disaster) and some flexibility in program delivery that allows for activities to be carried out in non-entitlement and entitlement areas.²

Arkansas submits this Action Plan to outline its unmet needs and establish how the state will allocate its funds through its programs. This includes the proposed use of funds, criteria for eligibility, and how funds will address long-term recovery in the most impacted and distressed areas. The Unmet Needs Assessment, which evaluates the three core aspects of recovery – housing, infrastructure, and economic development-- forms the basis for the decisions outlined in the Method of Distribution. This Action Plan was developed with the help of many state and local stakeholders as well as the public to target the unmet need that can be addressed by these limited federal funds.

² HUD, n.d. CDBG and CDBG-DR: A Comparison. Retrieved at:
<https://files.hudexchange.info/resources/documents/CDBG-and-CDBG-DR-Comparison.pdf>

Section Two: Summary of Disaster Damage and Presidential Declaration

Description of Storm Events

Infrastructure damage as result of the 2019 disaster was widespread, with 17 out of 75 counties impacted, reporting damage to roads, bridges, levees, dams, and many other critical infrastructure facilities.³

The events of the Flood of 2019 are well-described in the CALS Encyclopedia of Arkansas. “The flood along the Arkansas River that occurred in the spring of 2019 broke a number of high-water records and proved to be one of the costliest natural disasters in the state’s history. In addition, the flood cast light upon the state’s aging levee and transportation infrastructure.”⁴

“By May 25, 2019, as many as 200 people had evacuated in Fort Smith; about 545 homes in the county were eventually affected. Flooding led to the closure of a number of highways, such as the westbound lanes of U.S. 64 at the Arkansas River bridge in Fort Smith and a section of Arkansas Highway 105 in Pope County early in the flooding; by the end of May, more than two dozen state highways were closed due to high water. As the flooding continued, voluntary and mandatory evacuation orders were issued all along the course of the river. By late May, residents were leaving the Island Harbor Estates neighborhood in Pine Bluff as it became inundated, and 550 homes that lay inside the county’s levee system were at risk in Jefferson County.

“Due to the volume of water, all gates along the river were opened, and water began backing up into a number of tributaries, such as Massard Creek in Sebastian County, Palarm Creek in Faulkner County, and Fourche Creek in Little Rock. Palarm Creek even started flowing backward across the dam that impounds Lake Conway, leading the shallow reservoir to spill out into neighborhoods. Continued rain in Arkansas during the flood did not necessarily raise the water level but prolonged the flood, keeping the ground too wet to absorb additional floodwaters. Even larger tributaries such as the White River experienced flooding due to a combination of the Arkansas River backing into it and heavy rains in the northwestern part of the state.

“Along the course of the river, people sandbagged their businesses and homes. On May 29, Governor Hutchinson formally requested federal emergency assistance for counties along the river; he also released \$350,000 from the Governor’s Disaster Assistance Fund. That same day, water topped a levee in Perry County, leading to the closure of the Arkansas Highway 60 bridge linking Perry and Faulkner counties. A second levee was later topped in Logan County. Early on the morning of May 31, a levee broke just south of Dardanelle (Yell County), putting the community at risk as water poured into the rural area near Holla Bend National Wildlife Refuge; the levee breach was later measured at 346 feet wide and 45 feet deep, and Dardanelle residents worked to construct a temporary levee south of their community to protect the town. That same day, the National Weather Service warned of a levee breach and imminent flash flooding in an industrial area near North Little Rock (Pulaski County); however, it

³ FEMA, 2019. *Arkansas Severe Storms and Flooding (DR-4441)*. Retrieved at <https://www.fema.gov/disaster/4441>

⁴ Cobb, William H. Commonwealth College. In CALS Encyclopedia of Arkansas. Retrieved October 21, 2019, from <https://encyclopediaofarkansas.net/entries/flood-of-2019-14746/>

was later revealed that a containment unit near the levee, and not the levee itself, had been breached. Levee damage was also reported in the Yoestown Bottoms area of Crawford County and in rural Faulkner County, where signs of seepage were reported at the Lollie Levee. On June 5, officials acknowledged that Lollie Levee had started to erode, and the following day, county officials recommended the evacuation of area residents. Although a large chunk of the levee did collapse into the river, the levee held, aided by declining flood waters.

“Major flooding moved into central Arkansas in late May and early June. In North Little Rock, the city sealed its floodgates along Riverfront Park in an effort to keep water from entering the Argenta Historic District, and sinkholes appeared on the field of Dickey-Stephens Park. Parts of the Arkansas River Trail in both Little Rock and North Little Rock were underwater during the worst of the flooding, and the Big Dam Bridge was inaccessible due to high water in the area of Murray Lock and Dam. The Tour de Rock charity cycling tour had to be re-routed due to flooding. In Little Rock, Murray Park and Rebsamen Park were underwater by late May, while Cooks Landing Park and parts of Burns Park in North Little Rock were also flooded. As water backed up into the Little Maumelle River, parts of Pinnacle Mountain State Park experienced flooding. However, perhaps the worst-hit recreational site was Two Rivers Park, which lies between the Little Maumelle River and the Arkansas River. A number of expensive homes in the area were inundated. The flood was particularly hard on the city’s homeless population, many of whom often camp by the river. North Little Rock authorities recommended the evacuation of the Dixie Addition, a historically black neighborhood, on June 1, while homes along Willow Beach Road flooded. A portion of the Arkansas River Trail in North Little Rock caved in due to the flooding.”⁵

“By the early days of June, the water began to recede in western Arkansas. For example, the Arkansas River crested at Dardanelle on June 2 at 45.3 feet. Three days later, the Arkansas River crested at Little Rock at 29.71 feet, or 6.71 feet above flood stage. Farther down the river, in Pine Bluff, Union Pacific moved rail cars and engines out of the city and pulled up tracks in some areas to allow gaps in the levee system to be filled. The river crested at Pine Bluff on June 6 at 50.86 feet, almost nine feet above flood stage. In the Desha County community of Pendleton, the last town along the Arkansas River before it empties into the Mississippi, the river crested there at 37.63 feet, or 6.63 feet above flood stage, on June 6, and an estimated eighty to ninety percent of homes had been flooded by the time the water began to recede in the middle of the month. In June, the Federal Emergency Management Agency and the U.S. Small Business Administration opened disaster aid sites in North Little Rock and Mayflower (Faulkner County).”⁶

Storm Impact and Presidentially Declared Counties

On June 6, 2019, Governor Asa Hutchinson requested a major disaster declaration due to severe storms and flooding beginning on May 21, 2019 and continuing. The Governor requested a declaration for Individual Assistance and assistance for debris removal and emergency protective measures (Categories A and B), including direct Federal assistance, under the Public Assistance program for eight counties and Hazard Mitigation statewide. Beginning on June 2, 2019, and continuing, joint federal, state, and local

⁵ Ibid.

⁶ Ibid.

government Preliminary Damage Assessments (PDAs) were conducted in the requested areas and are summarized below. PDAs estimate damages immediately after an event and are considered, along with several other factors, in determining whether a disaster is of such severity and magnitude that effective response is beyond the capabilities of the state and the affected local governments, and that Federal assistance is necessary.⁷

On June 8, 2019, President Trump declared that a major disaster exists in the State of Arkansas. This declaration made Individual Assistance requested by the Governor available to affected individuals and households in Conway, Crawford, Faulkner, Jefferson, Perry, Pulaski, Sebastian, and Yell Counties. This declaration also made debris removal and emergency protective measures (Categories A and B), including direct federal assistance, under the Public Assistance program requested by the Governor available to state and eligible local governments and certain private nonprofit organizations on a cost-sharing basis in Conway, Crawford, Faulkner, Jefferson, Perry, Pulaski, Sebastian, and Yell Counties. Furthermore, this declaration made emergency protective measures (Category B), limited to direct federal assistance, under the Public Assistance program available to Arkansas, Chicot, Desha, Franklin, Johnson, Lincoln, Logan, and Pope Counties. Finally, this declaration made Hazard Mitigation Grant Program assistance requested by the Governor available for hazard mitigation measures statewide.⁸

Summary of Damage Assessment Information Used in Determining Whether to Declare a Major Disaster⁹

Individual Assistance

- Total Number of Residences Impacted:¹⁰ 1,147

⁷ The Preliminary Damage Assessment (PDA) process is a mechanism used to determine the impact and magnitude of damage and resulting needs of individuals, businesses, public sector, and community as a whole. Information collected is used by the State as a basis for the Governor's request for a major disaster or emergency declaration, and by the President in determining a response to the Governor's request (44 CFR § 206.33).

⁸ When a Governor's request for major disaster assistance under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended (Stafford Act) is under review, a number of primary factors are considered to determine whether assistance is warranted. These factors are outlined in FEMA's regulations (44 CFR § 206.48). The President has ultimate discretion and decision making authority to declare major disasters and emergencies under the Stafford Act (42 U.S.C. § 5170 and § 5191).

⁹ FEMA-4441-DR-AR Preliminary Damage Assessment Report, last updated October 30, 2019. Retrieved at <https://www.fema.gov/media-library/assets/documents/184211>

¹⁰ Degree of damage to impacted residences:

- Destroyed – total loss of structure, structure is not economically feasible to repair, or complete failure to major structural components (e.g., collapse of basement walls/foundation, walls or roof);
- Major Damage – substantial failure to structural elements of residence (e.g., walls, floors, foundation), or damage that will take more than 30 days to repair;

Destroyed -	352
Major Damage -	505
Minor Damage -	268
Affected -	22

- Percentage of insured residences:¹¹ 1.0%
- Percentage of poverty households:¹² 19.1%
- Population receiving other government assistance such as SSI and SNAP: 20.7%
- Percentage of ownership households:¹³ 62.5%
- Pre-Disaster Unemployment: 7.2%
- Age 65 and older: 15.7%
- Age 18 and under: 23.7%
- Disability: 18.4%
- IHP Cost to Capacity (ICC) Ratio: 151
- Total Individual Assistance cost estimate: \$21,213,290

Public Assistance

- Primary Impact: Emergency protective measures
- Total Public Assistance cost estimate: \$8,582,911
- Statewide per capita impact:¹⁴ \$2.94
- Statewide per capita impact indicator:¹⁵ \$1.50

-
- Minor Damage – home is damaged and uninhabitable, but may be made habitable in short period of time with repairs; and
 - Affected – some damage to the structure and contents, but still habitable.

¹¹ By law, Federal disaster assistance cannot duplicate insurance coverage. 42 U.S.C. § 5155 and 44 C.F.R. § 206.48(b)(5).

¹² Special populations, such as low-income, the elderly, or the unemployed may indicate a greater need for assistance. 44 C.F.R. § 206.48(b)(3).

¹³ Ibid. 44 C.F.R. § 206.48(b)(3).

¹⁴ Based on State population in the 2010 Census.

- Countywide per capita impact:

Conway County (\$28.41), Crawford County (\$6.24), Faulkner County (\$5.67), Jefferson County (\$6.08), Perry County (\$18.15), Pulaski County (\$4.25), Sebastian County (\$24.95), and Yell County (\$7.30). PDAs have not been performed in the remaining eight counties that were included under FEMA-3414-EM.

- Countywide per capita impact indication:¹⁶ \$3.78

Counties Eligible for Assistance

The following counties in the State of Arkansas have been designated adversely affected by the disaster and are eligible for FEMA assistance:

County	Population	Public Assistance	Individual Assistance
Arkansas	17,486	√	√
Chicot	10,118	√	
Conway	20,846	√	√
Crawford	63,257	√	√
Desha	11,361	√	√
Faulkner	126,007	√	√
Franklin	17,715	√	
Jefferson	66,824	√	√
Johnson	26,578	√	
Lincoln	13,024	√	√
Logan	21,466	√	√
Perry	10,455	√	√
Pope	64,072	√	√
Pulaski	391,911	√	√
Searcy	7,881	√	
Sebastian	127,827	√	√
Yell	21,341	√	√

¹⁵ Statewide Per Capita Impact Indicator for FY19, *Federal Register*, October 1, 2018.

¹⁶ Countywide Per Capita Impact Indicator for FY19, *Federal Register*, October 1, 2018

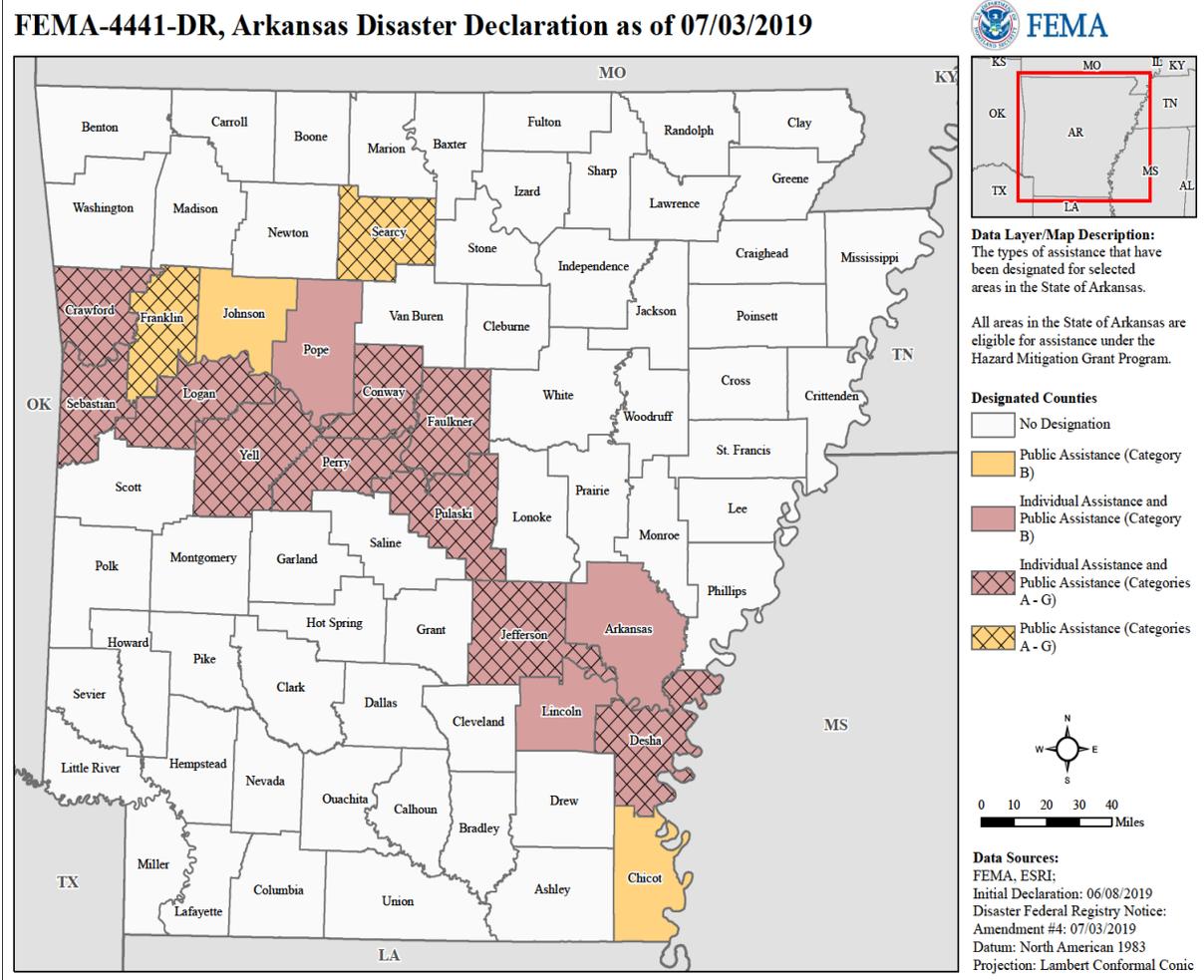
Disaster declarations allow financial assistance to be made available to support the recovery efforts. The funding made available to designated counties is categorized in the following way:

- FEMA Individual Assistance (IA): Direct assistance provided to individuals and households through IHP. IHP provides financial assistance and direct services to eligible individuals and households who have uninsured and underinsured necessary expenses and serious needs. IHP is not a substitute for insurance and cannot cover all losses.¹⁷
- FEMA Public Assistance (PA): Assistance provided to state and territorial governments, local governments, Indian tribal governments and private non-profit organizations. PA is provided through two categories of activities;
- Emergency Protective Measures for Debris Removal (Category A) and Emergency Protective Measures (Category B); and,
- Permanent Work for the Restoration of Roads and Bridges (Category C), Water Control Facilities (Category D), Buildings and Equipment (Category E), Utilities (Category F), and Parks, Recreational, and Other Facilities (Category G).¹⁸

¹⁷ FEMA, 2019. *Individuals and Households Program*. Retrieved at https://www.fema.gov/media-library-data/1571949706314-838a916aad698391afe34b45ac13100a/1_FACTSHEET_Individuals_and_Households_Program.pdf

¹⁸ FEMA 2020. *Public Assistance Program and Policy Guide, Version 4, Effective June 1, 2020*. Retrieved at https://www.fema.gov/media-library-data/1594239534694-ea876c73c2135c4273e4914586e7879f/PAPPG_V4_Final_6-1-2020_508.pdf

FEMA Eligibility Map – 07/03/2019 (final)



Section Three: Arkansas Disaster Recovery

Arkansas Disaster Recovery Framework

Recovery Process

Disasters in Arkansas can occur at any time and without warning. When this occurs, it is first the responsibility of the local government to alleviate and minimize impact to the community and citizens. The local government will be responsible to provide any immediate needs to its residents, necessary sheltering, and immediate debris clearance on roads allowing emergency services and restoration of immediate services.

After an event takes place, the State's Emergency Operations Center (SEOC) becomes the central coordinating point for state, federal and volunteer agency response activities; in general, these actions are initiated by Local/State Declarations of Emergency and the need for emergency response resources. However, even in the initial response phase of a disaster, recovery must begin to lay the foundation not just for restoring health and safety to affected communities but also for rebuilding and revitalizing those communities in the long-term. Many recovery operations are being coordinated from the SEOC in advance of and immediately following an event so service can begin as soon as possible.

State assistance may be available if the local government has exhausted all resources and the Chief Elected Official (i.e. County Judge) or his/her designee has declared an emergency or disaster to the SEOC by submission of a disaster emergency proclamation within five (5) business days of the event.

Many times combined local and state efforts are not sufficient to effectively cope with the direct results of the disaster. This situation calls for Federal assistance to supplement the State and local efforts. The Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288 as amended; (Stafford Act) was designed to do this. The Stafford Act authorizes the President to provide assistance to individuals and to State and local governments to help them respond to and recover from a disaster. Certain types of private nonprofit organizations may also receive assistance.

Under certain circumstances, it will be possible to ascertain that a disaster is almost certain and will be of sufficient magnitude to require federal assistance under provisions of Public Law 93-288, the Stafford Act. Under such circumstances, the Governor may request direct assistance from the President prior to a Presidential declaration to alleviate or prevent the disaster.

Recovery Field Operations

In the aftermath of a disaster, with or without a Presidential Declaration, the State may deploy several specialized Recovery personnel into the disaster area, including: Preliminary Damage Assessment Teams, Community Response Teams/Area Coordinators, and Disaster Recovery Centers.

Preliminary Damage Assessment

Damage assessments are used to determine the magnitude of the disaster and/or emergency. It is used to identify the immediate needs of individuals, critical facilities, businesses, and local government services or facilities.

Area Coordinators

During emergencies, the area coordinator responds to the impacted county to provide assistance, support and coordination with the SEOC for asset requests and to act as a link for information going between local and state governments.

Arkansas Disaster Assistance Team (ADAT)

Qualified team members used to assist ADEM staff in determining legal matters, assigning State staff in the resource pool, assessing damages, preparing and reviewing PWs depending on the level of State involvement and conducting interim and final inspections when necessary.

Disaster Recovery Centers

Disaster Recovery Centers (DRC) are established as a result of a Gubernatorial or Presidential declared disaster. It allows government and volunteer agencies near the most impacted areas to offer disaster related assistance and resources. It also allows citizens the ability to apply for any assistance that is made available by local, state, federal, and volunteer agencies.

Individual Assistance Activities

The Governor may authorize the State IA Program for qualified homeowner and renters whose primary residence has been damaged in a declared area. If damages exceed criteria of the State IA Plan then federal assistance maybe requested.

Public Assistance Activities

The Governor may authorize the State PA Program for eligible applicants and facilities that are located in a declared area. If damages exceed criteria of the State PA Plan then federal assistance maybe requested.

Section Four: Unmet Needs Assessment

Through the Additional Supplemental Appropriations for Disaster Relief Act 2019¹⁹, HUD allocated the State of Arkansas \$8,940,000 million to address housing, infrastructure, and economic recovery unmet needs²⁰ and to support the long-term recovery efforts following the 2019 disasters²¹. Grantees, such as the State of Arkansas, that are awarded CDBG-DR funding after a major disaster declaration are provided an allocation of funding based on unmet needs as defined and calculated by HUD, using damage estimates reported by FEMA and the US Small Business Administration (SBA). Arkansas’s \$8,940,000 million allocation represents the aggregate of serious unmet housing needs in the most impacted and distressed areas, unmet business needs, and unmet infrastructure need as calculated by HUD.

HUD Serious Unmet Housing Need in Most Impacted Areas	Serious Unmet Business Needs	Unmet Infrastructure Need	Total CDBG-DR Allocation
\$4,174,349	\$2,725,761	\$2,040,158	\$8,940,000

Unmet Needs Assessment Purpose

Grantees who receive an allocation through the CDBG-DR program are required to conduct an Unmet Needs Assessment (UNA) to assist in the identification and prioritization of critical unmet needs following a disaster and to identify long-term recovery efforts that will mitigate against future disasters. The goal is to enable the grantee to design recovery programs to meet the needs of its citizens and to be responsive to the types and locations of actual needs on the ground. As a grantee, the State of Arkansas must use the funds allocated in a strategic manner, utilizing the funding in the most-impacted, vulnerable areas while addressing a wide range of projects and needs throughout the impacted areas.

The UNA analyzes short- and long-term impacts of the disaster, assesses immediate recovery needs of the communities affected, and describes the ongoing recovery efforts. The assessment also includes mitigation and resilience measures for long-term planning. The analysis of unmet needs will evolve over time and will be re-evaluated as assistance is provided and needs shift.

The UNA presents findings based on best available data at the time of publication. These findings represent a point-in-time snapshot of disaster impacts and are subject to change as new data is collected or identified. The maps and graphics contained in this report are intended to help synthesize available information to convey the scale and location of impacts; however, no single map or image can effectively summarize the impacts of the 2019 disasters. These images are intended to supplement the narrative contained within the report.

¹⁹ Per Public Law 116-20

²⁰ The unmet need is defined as the anticipated gap in estimated costs of damage and the federal assistance that can be met with local and state contributions and/or other sources

²¹ Allocations, Common Application, Waivers, and Alternative Requirements for Disaster Community Development Block Grant Disaster Recovery Grantees, 85 Fed. Reg. 17 (January 27, 2020). *Federal Register: The Daily Journal of the United States*. Web

Calculating Unmet Needs

CDBG-DR funds are intended to primarily address unmet needs in the Most Impacted and Distressed (MID) areas with a focus on housing for low- and moderate-income (LMI) households and individuals²². HUD defines LMI as households and individuals that are 80% of the area median income (AMI). The following sections describe how HUD determines which areas represent the MID and how unmet infrastructure needs, serious unmet housing needs, and serious unmet economic revitalization needs are calculated by HUD.

For disasters that meet the most impacted threshold described above, the unmet need allocations are based on the following factors summed together:

1. Repair estimates for seriously damaged owner-occupied units without insurance (with some exceptions) in most impacted areas after FEMA and SBA repair grants or loans; an estimate for homeowners served by FEMA's Permanent Housing Construction program is also deducted from the homeowner unmet need estimates;
2. Repair estimates for seriously damaged rental units occupied by very low-income renters in most impacted areas;
3. Repair and content loss estimates for small businesses with serious damage denied by SBA; and,
4. The estimated local cost share for Public Assistance Category C to G projects.

Determining the Most Impacted and Distressed Areas

In accordance with the Federal Register²³ and statutory requirements, HUD is required to identify the MID areas and directs grantees to use a majority of their award (no less than 80% of the total allocation) in these areas. HUD also takes into consideration:

- Individual Assistance (IA) Individuals and Households Program (IHP) designation. HUD limits its allocations to the areas where FEMA determined damage was sufficient to declare the county as eligible to receive IHP funding. IHP is a FEMA program that provides financial and direct services to eligible individuals and households affected by a disaster who have uninsured or underinsured necessary expenses and serious needs.
- Concentrated damage. HUD limited its estimate of serious unmet housing needs to counties and zip codes with high levels of damage, collectively referred to as MID areas. For this allocation, HUD defines the MID areas as either most impacted counties—counties exceeding \$10 million in serious unmet housing needs—and most impacted zip codes—zip codes with \$2 million or more of serious unmet housing needs.
- Disasters meeting the most impacted threshold. HUD only provided funds to 2018 and 2019 disasters that met the “most impacted” damage threshold described above.

²² 85 Fed. Reg. 17 (January 27, 2020)

²³ 85 Fed. Reg. 18 (January 27, 2020)

Each of the FEMA inspected owner units are categorized by HUD into one of five categories:

- Minor-Low: Less than \$3,000 of FEMA inspected real property damage.
- Minor-High: \$3,000 to \$7,999 of FEMA inspected real property damage
- Major-Low: \$8,000 to \$14,999 of FEMA inspected real property damage and/or 1 to 3.9 feet of flooding on the first floor;
- Major-High: \$15,000 to \$28,800 of FEMA inspected real property damage and/or 4 to 5.9 feet of flooding on the first floor.
- Severe: Greater than \$28,800 of FEMA inspected real property damage or determined destroyed and/or 6 or more feet of flooding on the first floor.

It is relevant to note that this data does not account for whether a household is low- to moderate- income.

Serious Unmet Housing Needs

Housing unmet needs are calculated using data obtained by FEMA and SBA from housing inspections completed on damaged properties as of November 1, 2019. Based on the amount of real and personal property damage, HUD categorizes each inspected unit into five categories, as listed above. The calculation HUD uses to determine unmet housing needs is based on verified damage above the Major-Low threshold in the MID areas, which does not account for all inspected units that experienced damage.

Most Impacted Area	Serious Unmet Housing Need Estimate Most Impacted Area	Total Any Damage	Total Serious Damage	Owner Serious Unmet	Renter Serious Unmet	Total Serious Unmet
71602:Jefferson (County)	\$2,144,847	89	74	41	4	45
72016:Perry (County)	\$2,029,502	75	66	43	5	48
Total	\$4,174,349		140			

HUD’s calculation only accounts for 164 FEMA IA applicants with any damage (out of 355 total) to determine the unmet needs. This UNA accounts for all inspected properties with reported damage to demonstrate the State of Arkansas’s total comprehensive unmet housing need. The below table shows the comparison of HUD’s unmet needs versus the unmet needs calculated in this assessment, which utilizes the entire population of damaged owner-occupied housing units.

Category	HUD Serious Unmet Housing Need in MID	UNA Calculated Housing Need - All Counties	Difference (HUD vs UNA Calculation)
Unmet Needs	\$4,174,349	\$7,959,073	\$3,784,724

Serious Unmet Business Needs

To estimate serious unmet economic revitalization needs, HUD analyzes SBA disaster loan data to create five categories of damage based on the combined verified real estate and content losses of the pool of applicants. Of the five categories HUD establishes, serious unmet needs include only Category 3 and above:

- Category 1: real estate + content loss = below \$12,000
- Category 2: real estate + content loss = \$12,000 - \$29,999
- Category 3: real estate + content loss = \$30,000 - \$64,999
- Category 4: real estate + content loss = \$65,000 - \$149,000
- Category 5: real estate + content loss = \$150,000 and above

For properties with real estate and content loss of \$30,000 or more (i.e., Category 3 and above), HUD calculates the estimated amount of unmet needs for small businesses by multiplying the median damage estimate by the number of small businesses denied an SBA loan. This amount includes those denied a loan prior to inspection due to inadequate credit or income (or where a decision had not been made), under the assumption that damage among those denied at pre- inspection have the same distribution of damage as those denied after inspection.

HUD’s estimation of total unmet economic revitalization need equates to \$2,725,761 (based on data from January 2019). While this approach yields an estimate that seems appropriate based on the relatively low number of loans applied for reported by SBA, there is concern for the small businesses that did not apply and may still need financial assistance. However, due to lack of more thorough unmet business needs available to the state at the time of the drafting of this plan, and the recent effects of the COVID-19 and resulting state and federal assistance made available to businesses, the State will use the HUD determined unmet need.

2019 Disasters – Serious Unmet Business Need (Data 11/15/2019)

Grantee	Estimated Serious Unmet Business Needs	Applicants Inspected with serious damage and denied or still in processing	Multiplier for pre-inspection denial due to credit or income	Estimated Applicants with Serious Unmet Needs (Inspected and Uninspected)
Arkansas	\$2,725,761	10	1.94	19

Unmet Infrastructure Needs

2019 Infrastructure Need (Data 11/15/2020)

Grantee	<u>Category C to G FEMA PA Estimate</u>	<u>Federal Share</u>	<u>Local Share (Unmet Need)</u>	<u>Federal Share percent</u>
Arkansas	\$8,160,632	\$6,120,474	\$2,040,158	75%

The above estimates were made in November 2019 and do not account for any additional damage reported after that date, nor does HUD’s calculation include the cost of promoting resilience through FEMA HMGP, underrepresenting the total infrastructure unmet needs.

	HUD Permanent Facilities (FEMA Cat C-G) Estimate	UNA Calculated Infrastructure Need	Difference (HUD to UNA Calculation)
Unmet Need	\$2,040,158	\$7,781,994	\$5,741,836

Unmet Needs Assessment Scope

Arkansas deployed three tactics to determine and define the unmet need from the 2019 flooding in the key sectors of Housing, Infrastructure and Economic Revitalization. First, the State worked from HUD’s estimates to determine broader unmet needs, incorporating additional information and data provided by local and state stakeholders and federal agencies. This UNA provides an analysis of the impacts of the 2019 floods to inform how the State will utilize this assistance to address the identified gaps.

The State also planned to utilize Appendix E: Valuation Tool for Prioritizing Needs by Sector, Funding and Capacity, of HUD’s Disaster Recovery Impact Needs Assessment. Appendix E is a valuation tool to help CDBG-DR grantees rank the strength of their community’s key sectors. The state chose the county level to collect data as that most closely matched the other sources of information available, suited the partners that were engaged in the process, and was most efficient to meet the timeline.

As a modeling tool at this planning stage, the valuation tool worksheet helps to develop high, medium and low rankings based on grantee need, available funding, and grantee and partner capacity. Each of the three key sectors included worksheets for Infrastructure (public infrastructure, community facilities); Housing (rental housing, owner housing); and, Economy (business assistance, commercial infrastructure). To address information that might be available on the local level, the AEDC Grants Division deployed their partners from the Planning & Economic Development Districts and the most impacted and distressed counties, directly, to identify, collect and report the data from the 17 counties that were declared in the disaster. A few worksheets were returned, and other

counties chose to return alternative sources of estimates, related to their unmet local share needs for FEMA acquisition projects or other infrastructure need estimates. These worksheets were solicited from counties during the COVID-19 pandemic, which contributed to the delay, capacity issues at the local level to prepare the information, and general lack of response from some counties.

In addition to the survey data, the AEDC Grants Division used available databases from FEMA, SBA and National Flood Insurance Program (NFIP) to extract and extrapolate unmet need by applying assumptions to circumstances based upon eligibility and access to disaster funding.

The data represents the state's estimated unmet needs based on best available data provided during the development of this assessment. These estimates represent a point-in-time analysis that will continue to evolve and does not include unreported losses, which may be attributed to:

- Impacted individuals not applying for assistance to repair their damaged homes;
- Damage exacerbated before repairs could begin;
- Economic impacts as a result of the disaster; and
- Infrastructure repairs that are necessary but deemed ineligible for federal assistance.²⁴

Throughout the state, recovery efforts are underway for public and private housing and infrastructure facilities. Local jurisdictions reported having completed repairs on homes that were damaged or destroyed as well as repairing infrastructure facilities. Data gathering regarding these repairs is ongoing to determine if these expenses were federally or locally funded.

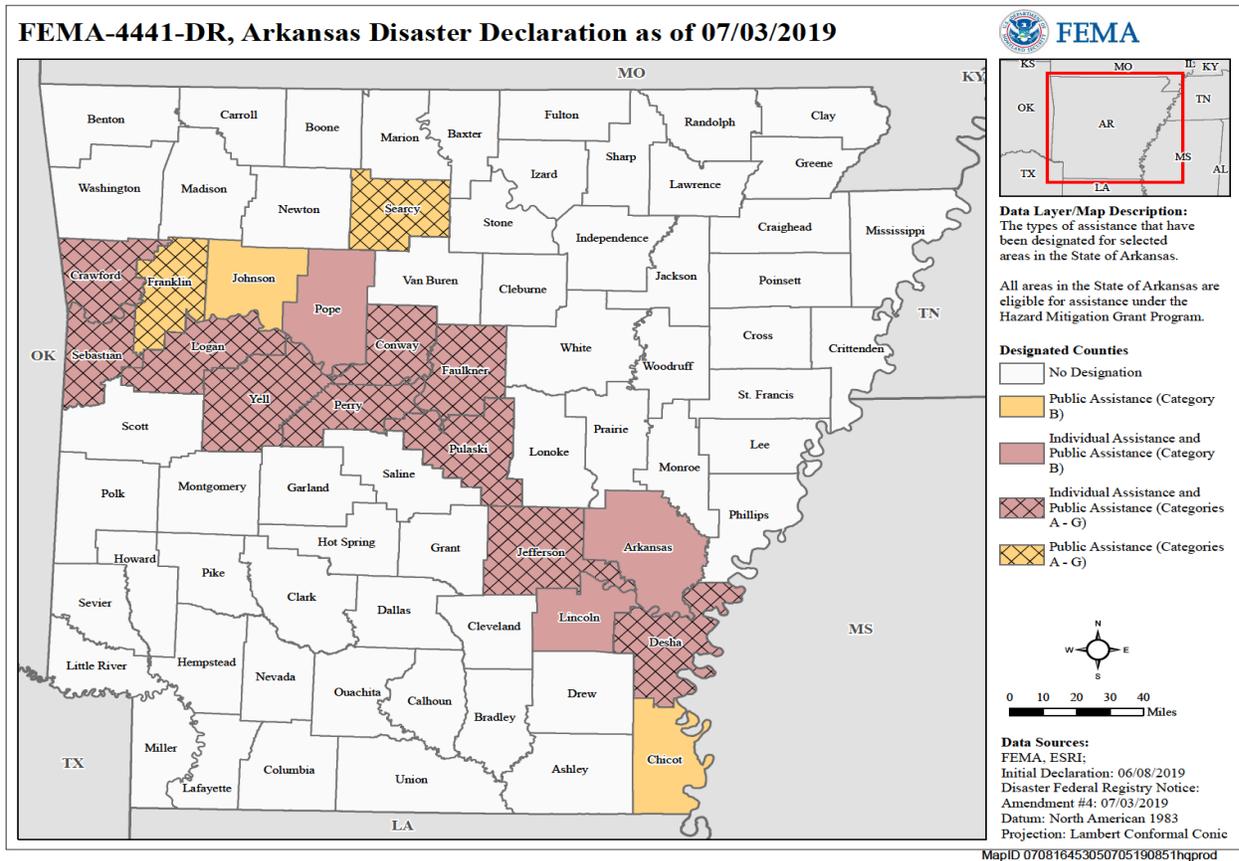
Eligible Counties

The disaster declaration for the 2019 floods through FEMA made available financial assistance to certain eligible counties determined to have sustained damage from the impact of the floods between on May 21st and June 14th. The initial declaration dated June 8, 2019 designated eight counties eligible to receive assistance for individuals and eight counties to receive financial assistance for public assistance in the immediate aftermath of the disaster. Continuing preliminary damage assessments conducted throughout June and July 2019 resulted in five more Arkansas counties being designated for individual assistance, bringing the total for IA to 13.

As shown in the below map, 17 of Arkansas 75 counties (23%) were ultimately covered by DR-4441, of which 12 were deemed eligible to receive IA funding.

²⁴ Note this list is not comprehensive of all potential sources of unreported loss.

CDBG-DR Eligible Counties Map



Areas Designated “Most Impacted and Distressed”

HUD identified two areas in Arkansas as the MID:

- Jefferson County zip code 71602
- Perry County zip code 72016

Based on authorization²⁵ from HUD, Arkansas will expand the MID areas to cover the *entire* counties of Jefferson and Perry. This step enables the state to direct additional funding to those two counties where a portion (the two zip codes) were identified as being among the most impacted.

²⁵ The January 27, 2020 Federal Register Notice, HUD states that if a zip code is identified as a MID designated area, the grantee may indicate in their action plan that it intends to expand the MID to cover the entire county.

Section Five: Community Profile and Overall Storm Impact

Pre-Disaster Conditions

Seventeen counties included in the McClellan-Kerr Navigation System make up the declared area for this disaster grant. The System begins at the Arkansas border in Sebastian (Fort Smith) and Crawford (Van Buren) Counties, runs through the Arkansas River Valley to central Arkansas (Little Rock area) and Jefferson (Pine Bluff) County, ending in Desha County where the Arkansas River meets the Mississippi River.

The Arkansas River Valley, located in the western part of the declared area, is between the Ozark and Ouachita Mountain ranges. The area has many acres of fertile farmland, is a popular region for tourism and outdoor recreation, and has several subsidiaries of the state's largest manufacturing companies which employ a substantial number of Arkansans. The Valley is home to Arkansas's wine country, which has a long-running outstanding reputation as one of the state's top tourism destinations. Holla Bend National Refuge in Yell County (one of the 17), protects over 7,000 acres for wintering waterfowl and other migrating species. The Valley boasts a good number of museums, state parks and recreational activities for nature enthusiasts.

Downstream from the River Valley is Arkansas's State Capital, Little Rock, and central Arkansas, which is the state's primary hub for government, entertainment, health care and financial activities. Perry County is part of the central Arkansas area. The County is home to the Heifer Ranch, a non-profit working farm and agricultural training facility. Agriculture (poultry, cattle and hog farming) and tourism including the Harris Brake Wildlife Management Area, Lake Nimrod and Fourche LaFave River, are primary industries in the county. The eastern border of Perry County follows the Arkansas River.

The lower region of the McClellan-Kerr Navigation System includes five of the 17 declared counties (Jefferson, Arkansas, Desha, Lincoln and Chicot). This area is known as the Arkansas Delta and the rice production center of the state. Arkansas is ranked #1 in rice production and this region significantly contributes to that ranking. The Arkansas Delta has a rich heritage with its numerous lakes, museums, and musical history. Arkansas County (Stuttgart) is known as the Rice and Duck Capitals of the World.

Jefferson County is the second oldest settlement on the Arkansas River. Pine Bluff today is the trade, entertainment, recreation and health-care center for Southeast Arkansas. Located in the heart of the rich Arkansas River Basin farming area, the community is a leading producer of cotton, soybeans, rice, poultry and timber. However, a diverse industrial base also exists.

The community affords varied cultural and recreational activities. One focal point is the Arts and Science Center for Southeast Arkansas, which provides a broad spectrum of exhibits and events. In 2001, the center received accreditation by the American Association of Museums, placing it among the nation's best. The Pine Bluff Convention Center hosts a variety of events, including the December 2018 reintroduction of the nationally recognized King Cotton Holiday Classic basketball tournament. And sportsmen and outdoor enthusiasts are drawn to a variety of parks, ball fields, championship golf courses and premier fishing waters.

Though this 17-county declared area has its great amenities, being located on a major waterway can have its shortcomings. The Arkansas River has a history of flooding all along the McClellan-Kerr Navigation System. Federal declarations in 2008, 2010, 2011, 2014, 2015, 2016, and 2017 spring flooding events have affected all or some of the areas within the System (declared area).

Economic Impacts and Conditions

The flood event from May 23 to June 14, 2019, effected every county of the declared area. The event was not only caused by rainfall amounts but melting of late fallen snows coming from upstream. The Arkansas River started to swell in May 2019. This historic flood submerged homes, displaced residents, compromised levees, ceased river transport of goods, and prompted the loss of crops and road closures.

The University of Arkansas, Fayetteville conducted a cost analysis stating the high waters were costing the state an estimated \$23 million in GDP per day.

Below are brief synopses of the flood activity and impacts by region of the 17-county declared area:

Arkansas River Valley

On May 23, 2019, the river began to rise in Crawford and Sebastian Counties and residents were asked to evacuate their homes. Barge traffic was shut down at the Van Buren port. On June 1, 2019, the river crested at 40.79 feet, surpassing the 1945 record, with water running at 570,000 feet per second. The U.S. Corp of Engineers, administrator of the levees and dams along the Arkansas River, opened dam locks for relief of the large amount of water running at a high rate. In total, the flood submerged 25 homes in Crawford County, 500 in Fort Smith and 45 in Sebastian County rural areas. One death was reported due to the flooding. The community response ranged from area residents filling sandbags to meal distribution by the Fort Smith School District.

In the Yell County area downstream, Lake Dardanelle, approximately 75 miles northwest of the Little Rock, had a 40-foot section of levee to breach. Approximately 160 homes in the rural areas of Dardanelle and Holla Bend National Refuge were evacuated. A temporary levee had to be built to protect the city of Dardanelle. Extra sand was added to areas of the levee that had not yet been affected. The Arkansas River crested at Lake Dardanelle on June 2, 2019 at 45.3 feet, which overtakes the 44.10 feet record set in 1943.

Two National Guard high-water teams were assigned to western Arkansas for this flooding event.

Three levees were breached between Fort Smith and Little Rock and five others experienced substantial damage. In total, an estimated cost of \$3.1B to repair.

The Arthur V. Ormond Lock & Dam located at Morrilton (Conway County) crested on June 4, 2019 at 43.04 feet, surpassing a record of 42.00 set in 1927.

Central Arkansas/Little Rock Area

In Faulkner County, Toad Suck Ferry and Toad Suck Park have been closed since the flood event. The entrance to the Park sustained major damage as well as destroyed roads, electric lines, RV power outlets, septic tanks and water lines. The River crested at 285.40 feet on June 4, 2019 at Toad Suck surpassing the 282.9 feet record set in 1990. Residents living on the banks of Lake Conway were evacuated due to the rising waters.

In Pulaski County, barge and some rail traffic at the Little Rock Port were shut down due to the flood event. A trickle-down effect was felt on the Mississippi River all the way to the Port of New Orleans. Shipping activity came to a halt.

The river crested on June 5, 2019 at 29.71 feet, which was 6.71 feet above flood stage. The city of North Little Rock Levy area experienced significant flooding in its industrial area. Dickey-Stephens Park Ballpark

sustained approximately \$2M in damage (two sinkholes) with repairs funded by FEMA and Burns Park was closed for several weeks after the waters receded due to the flood damage. Approximately \$500,000 was added to the city's budget in November 2019 to repair a golf cart shed. North Little Rock's hydro plant underwent repairs with funding by FEMA.

In Little Rock, the Riverdale area was ordered to evacuate closing numerous offices, restaurants and recreation areas until the waters receded. In Perry County, the closure of Arkansas Highway 60 Bridge, connecting the county's residents to Faulkner and Conway Counties, impacted 28% of the 3,560 workers commuting to those areas.

Arkansas Delta

In Jefferson County, the Arkansas River at Lock and Dam No. 5 crested at 50.86 feet, almost 9 feet above flood stage on June 6, 2019. A mandatory evacuation of parts of the County was enacted due to the rising waters on June 1-2 by city and county officials.

In the Town of Pendleton (Desha County), the Arkansas River crested at 37.63 feet, 6.63 above flood stage, surpassing the record set in 1973. This is the last stop before the Arkansas River connects to the Mississippi River.

Agriculture

In December 2019, the University of Arkansas Agriculture Cooperative Extension Service reported a \$347M decline in total value (output) of agriculture products due to the 2019 Flood Event.

The Arkansas Department of Agriculture reported it would affect the state economy totaling \$142M with \$75M in labor costs (loss of estimated 1,150 jobs). The Flood Event would prevent Arkansas Farmers from planting:

- 327,732 acres of corn
- 38,348 acres of cotton
- 511,729 acres of rice
- 187,800 acres of wheat

Declared Counties vs. Arkansas/United States in Demographics

The table of data generated from ESRI is a comparison of the declared counties to Arkansas and the United States. Some highlights are the growth rate of population and family size were significantly less than Arkansas and the United States for 2020-2025, the projection of median household income for 2025 is less than the state and nation, and those with an income of less than \$15,000 is higher than the state and nation.



Community Profile

17 Counties; State of Arkansas; United States
 Declared Counties
 Geography: Counties, State & US

Prepared by Esri

	Declared Counties	Arkansas	United States
Population Summary			
2010 Total Population	1,008,943	2,915,918	308,745,538
Household Summary			
2010 Households	398,749	1,147,084	116,716,292
2010 Average Household Size	2.45	2.47	2.58
2010 Families	262,620	775,811	77,538,296
2010 Average Family Size	3.01	3.00	3.14
Housing Unit Summary			
2010 Housing Units	446,187	1,316,299	131,704,730
Owner Occupied Housing Units	57.4%	58.4%	57.7%
Renter Occupied Housing Units	32.0%	28.8%	30.9%
Vacant Housing Units	10.6%	12.9%	11.4%
Median Household Income			
2020	\$46,310	\$46,872	\$62,203
Median Home Value			
2020	\$139,151	\$134,705	\$235,127
Per Capita Income			
2020	\$27,780	\$26,481	\$34,136
Median Age			
2010	36.4	37.4	37.1
2020	38.0	38.9	38.5

Data Note: Household population includes persons not residing in group quarters. Average Household Size is the household population divided by total households. Persons in families include the householder and persons related to the householder by birth, marriage, or adoption. Per Capita Income represents the income received by all persons aged 15 years and over divided by the total population.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2020 and 2025 Esri converted Census 2000 data into 2010 geography.

	Declared Counties	Arkansas	United States
2020 Households by Income			
Household Income Base	414,855	1,223,841	126,082,216
<\$15,000	14.5%	14.1%	10.3%
\$15,000 - \$24,999	11.8%	12.1%	8.8%
\$25,000 - \$34,999	11.4%	11.1%	8.7%
\$35,000 - \$49,999	15.2%	15.1%	12.2%
\$50,000 - \$74,999	16.2%	17.6%	17.3%
\$75,000 - \$99,999	10.0%	10.8%	12.6%
\$100,000 - \$149,999	12.3%	11.5%	15.3%
\$150,000 - \$199,999	4.3%	3.9%	6.9%
\$200,000+	4.4%	3.7%	7.9%
Average Household Income	\$69,651	\$67,002	\$90,054
2020 Owner Occupied Housing Units by Value			
Total	257,878	799,002	80,123,509
<\$50,000	11.0%	13.4%	6.4%
\$50,000 - \$99,999	23.2%	22.9%	10.7%
\$100,000 - \$149,999	20.3%	19.7%	11.9%
\$150,000 - \$199,999	16.4%	16.0%	13.4%
\$200,000 - \$249,999	9.2%	9.0%	10.8%
\$250,000 - \$299,999	6.1%	6.1%	9.3%
\$300,000 - \$399,999	6.8%	6.5%	13.1%
\$400,000 - \$499,999	2.5%	2.4%	7.8%
\$500,000 - \$749,999	2.0%	2.0%	9.1%
\$750,000 - \$999,999	1.2%	1.0%	3.7%
\$1,000,000 - \$1,499,999	0.8%	0.6%	2.2%
\$1,500,000 - \$1,999,999	0.3%	0.2%	0.7%
\$2,000,000 +	0.4%	0.3%	1.0%
Average Home Value	\$192,588	\$181,796	\$328,824

Data Note: Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest dividends, net rents, pensions, SSI and welfare payments, child support, and alimony.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2020 and 2025 Esri converted Census 2000 data into 2010 geography.

	Declared Counties	Arkansas	United States
2010 Population by Age			
Total	1,008,943	2,915,918	308,745,538
0 - 4	6.9%	6.8%	6.5%
5 - 9	6.7%	6.8%	6.6%
10 - 14	6.7%	6.8%	6.7%
15 - 24	14.4%	13.8%	14.1%
25 - 34	13.6%	12.9%	13.3%
35 - 44	12.7%	12.6%	13.3%
45 - 54	14.2%	14.0%	14.6%
55 - 64	11.9%	12.0%	11.8%
65 - 74	7.1%	8.0%	7.0%
75 - 84	4.1%	4.6%	4.2%
85 +	1.7%	1.8%	1.8%
18 +	75.7%	75.6%	76.0%
2010 Population by Sex			
Males	493,764	1,431,637	151,781,326
Females	515,179	1,484,281	156,964,212

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2020 and 2025 Esri converted Census 2000 data into 2010 geography.

	Declared Counties	Arkansas	United States
2010 Population by Race/Ethnicity			
Total	1,008,943	2,915,918	308,745,538
White Alone	69.8%	77.0%	72.4%
Black Alone	22.2%	15.4%	12.6%
American Indian Alone	0.8%	0.8%	0.9%
Asian Alone	1.7%	1.2%	4.8%
Pacific Islander Alone	0.1%	0.2%	0.2%
Some Other Race Alone	3.3%	3.4%	6.2%

Two or More Races	2.2%	2.0%	2.9%
Hispanic Origin	6.2%	6.4%	16.3%
Diversity Index	52.6	45.7	60.6
2010 Population by Relationship and Household Type			
Total	1,008,943	2,915,918	308,745,538
In Households	97.0%	97.3%	97.4%
In Family Households	80.6%	81.9%	81.3%
Householder	26.0%	26.6%	25.1%
Spouse	18.3%	19.5%	18.3%
Child	30.5%	30.3%	31.1%
Other relative	3.5%	3.4%	4.3%
Nonrelative	2.2%	2.1%	2.5%
In Nonfamily Households	16.4%	15.4%	16.1%
In Group Quarters	3.0%	2.7%	2.6%
Institutionalized Population	1.8%	1.6%	1.3%
Noninstitutionalized Population	1.2%	1.1%	1.3%

Data Note: Persons of Hispanic Origin may be of any race. The Diversity Index measures the probability that two people from the same area will be from different race/ethnic groups.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2020 and 2025 Esri converted Census 2000 data into 2010 geography.

	Declared Counties	Arkansas	United States
2020 Population 15+ by Marital Status			
Total	849,408	2,525,661	272,479,047
Never Married	33.1%	30.0%	33.8%
Married	47.4%	50.4%	49.6%
Widowed	6.3%	6.6%	5.7%
Divorced	13.2%	13.0%	10.8%
2020 Civilian Population 16+ in Labor Force			
Civilian Population 16+	501,351	1,452,169	169,345,940
Population 16+ Employed	88.2%	88.5%	87.0%
Population 16+ Unemployment rate	11.8%	11.5%	13.0%
Population 16-24 Employed	12.6%	12.3%	11.9%
Population 16-24 Unemployment rate	20.7%	19.9%	22.1%
Population 25-54 Employed	64.2%	64.2%	64.3%
Population 25-54 Unemployment rate	10.7%	10.7%	11.9%
Population 55-64 Employed	16.4%	16.6%	17.2%
Population 55-64 Unemployment rate	9.7%	9.4%	11.0%
Population 65+ Employed	6.8%	6.9%	6.6%
Population 65+ Unemployment rate	8.6%	8.4%	10.6%
2020 Employed Population 16+ by Industry			
Total	442,263	1,284,521	147,328,622
Agriculture/Mining	2.0%	2.9%	1.8%
Construction	6.9%	7.4%	7.4%
Manufacturing	13.4%	15.1%	10.6%
Wholesale Trade	2.3%	2.4%	2.5%
Retail Trade	10.0%	11.0%	9.7%
Transportation/Utilities	6.1%	6.1%	5.6%
Information	1.7%	1.3%	1.8%
Finance/Insurance/Real Estate	5.3%	4.7%	7.0%
Services	46.6%	44.6%	48.9%
Public Administration	5.5%	4.4%	4.8%
2020 Employed Population 16+ by Occupation			
Total	442,263	1,284,521	147,328,622
White Collar	57.4%	55.2%	61.8%
Management/Business/Financial	12.1%	11.9%	15.2%
Professional	22.6%	21.2%	23.5%
Sales	9.5%	9.4%	9.7%
Administrative Support	13.2%	12.7%	13.3%
Services	17.5%	16.9%	16.8%
Blue Collar	25.2%	27.9%	21.4%
Farming/Forestry/Fishing	0.8%	1.3%	0.8%
Construction/Extraction	5.1%	5.5%	5.4%
Installation/Maintenance/Repair	3.5%	4.0%	3.1%
Production	8.9%	9.7%	5.9%
Transportation/Material Moving	6.9%	7.4%	6.1%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2020 and 2025 Esri converted Census 2000 data into 2010 geography.

	Declared Counties	Arkansas	United States
2010 Households by Type			
Total	398,749	1,147,084	116,716,292
Households with 1 Person	28.4%	27.1%	26.7%
Households with 2+ People	71.6%	72.9%	73.3%
Family Households	65.9%	67.6%	66.4%
Husband-wife Families	46.3%	49.5%	48.4%
With Related Children	19.6%	20.6%	21.6%
Other Family (No Spouse Present)	19.6%	18.1%	18.0%
Other Family with Male Householder	4.8%	4.7%	5.0%
With Related Children	2.8%	2.8%	2.8%
Other Family with Female Householder	14.8%	13.4%	13.1%
With Related Children	10.1%	9.1%	8.5%
Nonfamily Households	5.7%	5.3%	6.8%
All Households with Children	32.9%	33.0%	33.4%
Multigenerational Households	3.9%	3.8%	4.4%
Unmarried Partner Households	5.8%	5.7%	6.6%
Male-female	5.2%	5.1%	5.9%
Same-sex	0.7%	0.6%	0.8%
2010 Households by Size			
Total	398,749	1,147,084	116,716,292
1 Person Household	28.4%	27.1%	26.7%

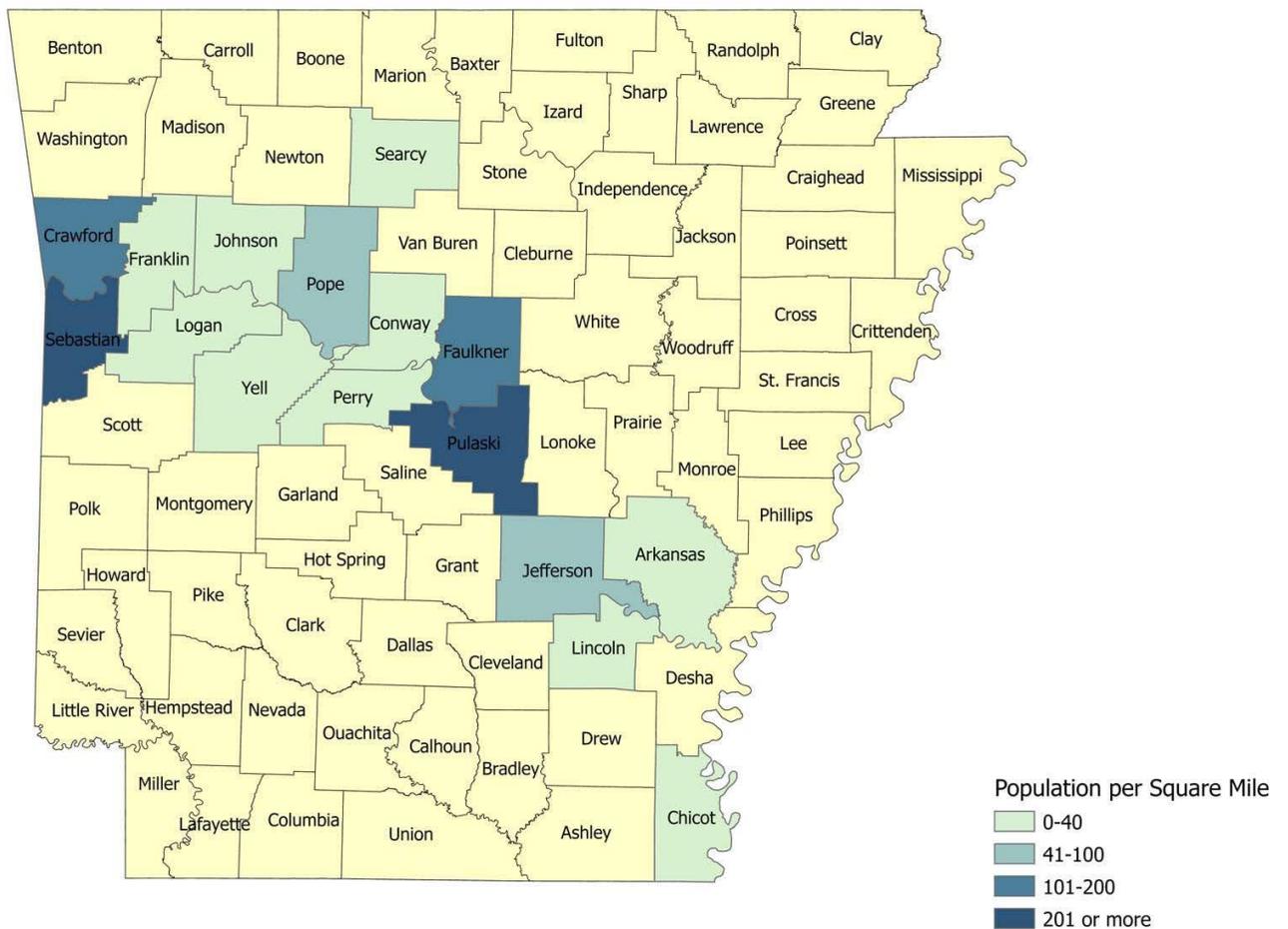
2 Person Household	33.9%	35.1%	32.8%
3 Person Household	16.4%	16.3%	16.1%
4 Person Household	12.3%	12.5%	13.4%
5 Person Household	5.6%	5.7%	6.5%
6 Person Household	2.1%	2.1%	2.6%
7 + Person Household	1.3%	1.3%	1.9%
2010 Households by Tenure and Mortgage Status			
Total	398,749	1,147,084	116,716,292
Owner Occupied	64.2%	67.0%	65.1%
Owned with a Mortgage/Loan	41.4%	40.9%	45.4%
Owned Free and Clear	22.8%	26.0%	19.7%
Renter Occupied	35.8%	33.0%	34.9%
2020 Affordability, Mortgage and Wealth			
Housing Affordability Index	191	204	141
Percent of Income for Mortgage	12.6%	12.0%	15.8%
Wealth Index	70	67	100
2010 Housing Units By Urban/ Rural Status			
Total Housing Units	446,187	1,316,299	131,704,730
Housing Units Inside Urbanized Area	57.6%	38.5%	69.2%
Housing Units Inside Urbanized Cluster	9.1%	16.3%	9.8%
Rural Housing Units	33.3%	45.3%	21.0%
2010 Population By Urban/ Rural Status			
Total Population	1,008,943	2,915,918	308,745,538
Population Inside Urbanized Area	57.0%	39.5%	71.2%
Population Inside Urbanized Cluster	9.5%	16.6%	9.5%
Rural Population	33.5%	43.8%	19.3%

Data Note: Households with children include any households with people under age 18, related or not. Multigenerational households are families with 3 or more parent-child relationships. Unmarried partner households are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2020 and 2025 Esri converted Census 2000 data into 2010 geography.

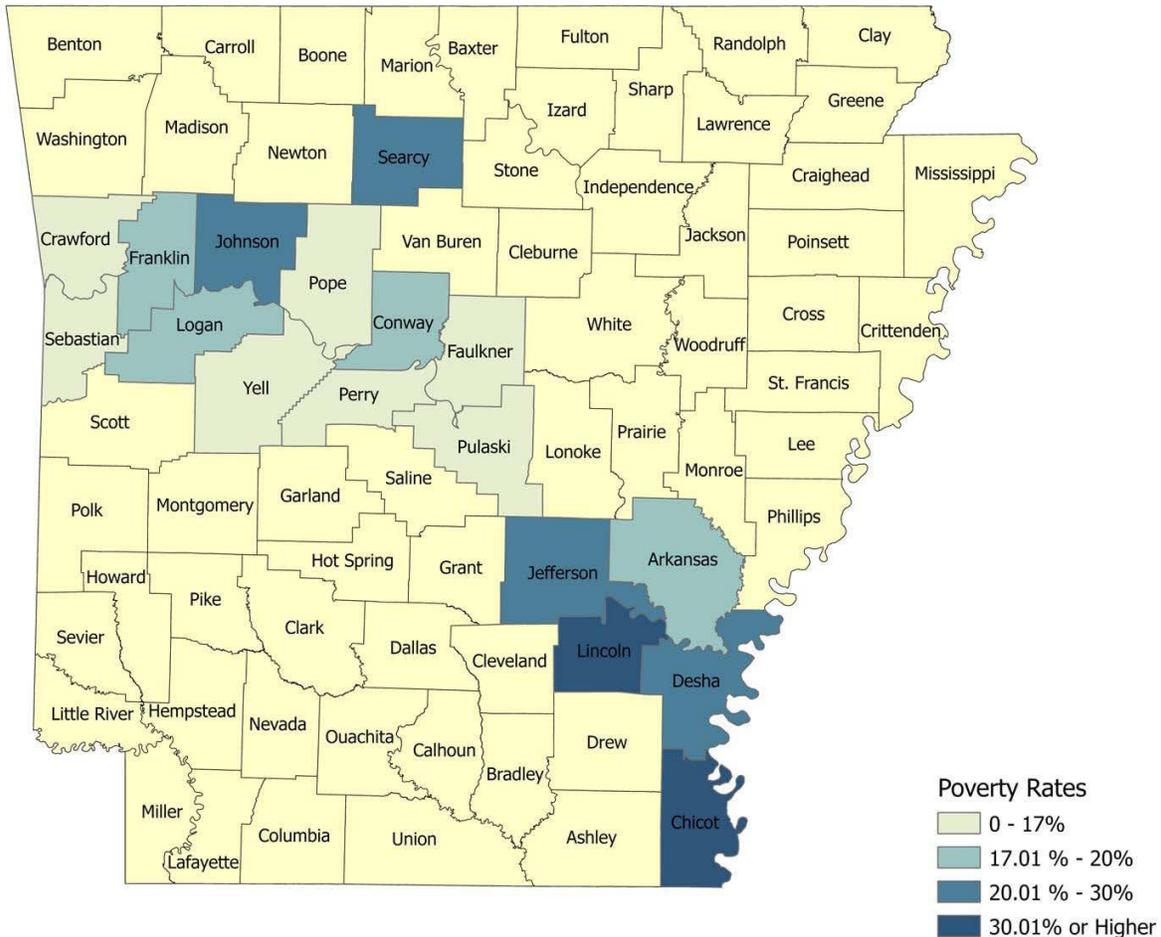
Population Density

Thirty-four (34%) percent of Arkansas's residents live the declared counties. Geographically, those counties make up 23% of the state's area. The average population per square mile of the declared counties is 86, however, the median population per square mile is just 32 persons compared to 56 persons per square mile in the state. Only four counties have more than 100 persons per square mile. Pulaski County has just over 500 residents per square mile. This disparity is one of the factors that makes it essential that the program design be customized by area to meet the varied needs of each region.



Income Levels

Arkansans living in the declared counties are poorer by 17% than the statewide average. The median household income is \$42,766 compared to \$47,094 throughout the state. Poverty affects 19.7% of the total population and 27.7% of children living in the declared counties live in poverty as compared with 23.8% across the state.



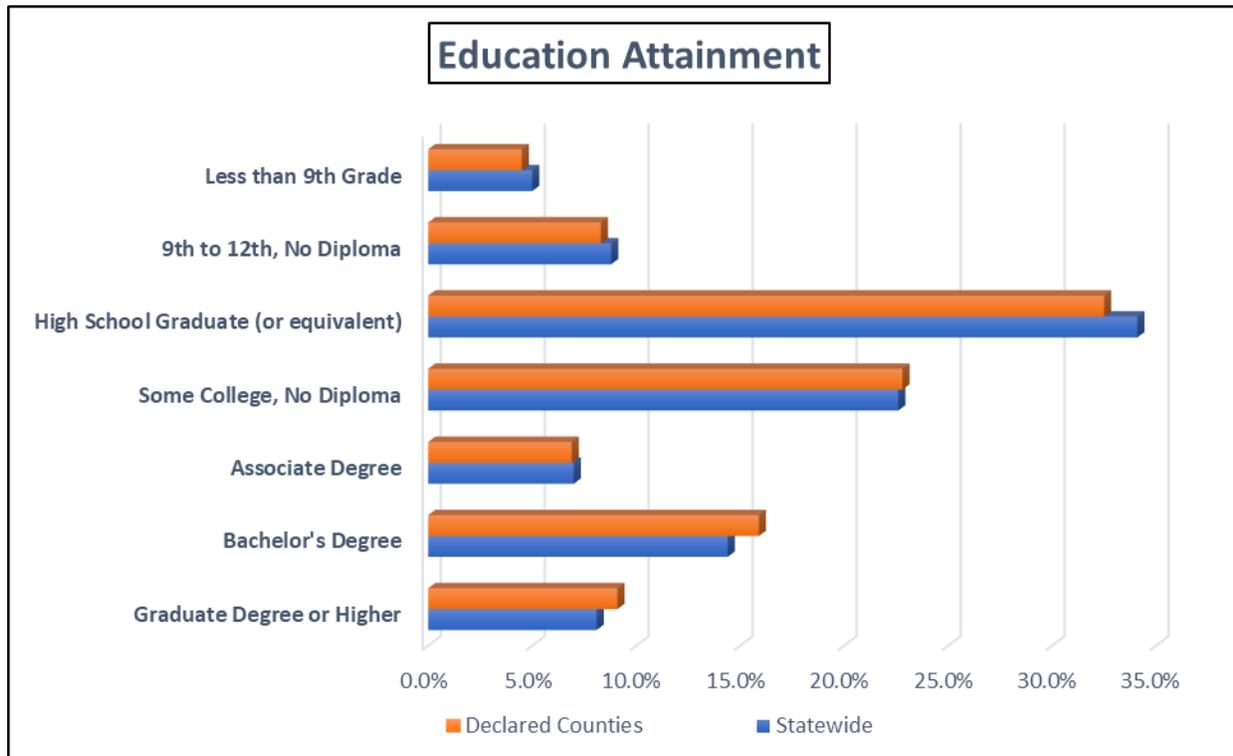
Aging

Arkansas asserts a lower cost-of-living and scenic attractions which makes the state attractive to retirees. The average age of citizens in the declared counties is 39.7 years old compared to 37.9 years old statewide.

Education

Overall, across the declared counties, the level of education attainment is lower than the statewide levels as some of the areas have experienced an increasingly aging population and an outflow of younger residents to other areas. The chart is below. The correlation between education and wage is present in the declared counties with a full 11% difference between the average wages of the declared counties* (\$46,230) and the entire state (\$52,575). Because of some counties being mostly rural, their ability to attract larger businesses is limited and younger workers seek employment in the more urban area of the declared counties.

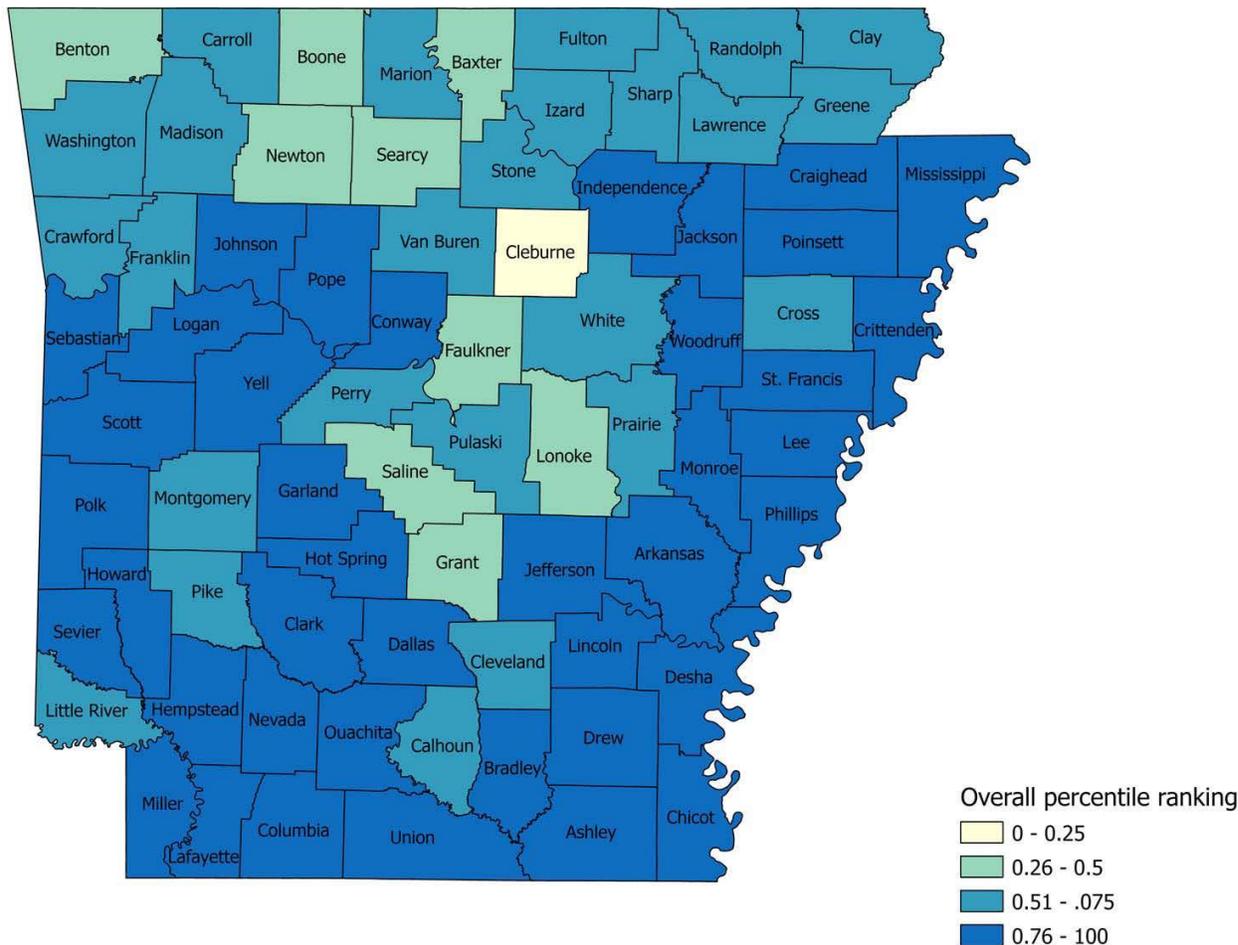
*Excludes Pulaski and Sebastian Counties to not skew the data.



Social Vulnerability

The cumulative effects of the demographics of the declared counties contribute to the social vulnerability of the area. The CDC Social Vulnerability Index (SOVI) was created to help emergency response planners and public health officials identify and map communities that will most likely need support before, during and after a hazardous event. The map below²⁶ illustrates that most of the impacted counties are in the top two quartiles of vulnerability. The vulnerability of the communities and citizens affected indicate a longer time period and a further distance toward resilient economic well-being. Since the two disasters impacted many families back to back, the ability to recover may be even more strained and difficult.

²⁶ Centers for Disease Control and Prevention/ Agency for Toxic Substances and Disease Registry/ Geospatial Research, Analysis, and Services Program. Social Vulnerability Index [Insert 2018, 2016, 2014, 2010 or 2000] Database [Insert US or State]. data-and-tools-download.html. Accessed on [Insert data year].



It can be seen that the HUD-identified most impacted and distressed counties of Jefferson is in the highest quartile and Perry is in the 3rd quartile. Eighty-eight percent of the declared counties rate in the top two quartiles suggesting there is a strong social vulnerability correlation present.

The connection between physical hazards and populations that may have factors that reduce their ability to plan in advance, cope during an event and recover after an event is directly related with housing. It is important to plan for housing in locations away from repeated risk factors such as flooding and provide assistance during natural events like tornadoes. Assistance that may be needed includes transportation during an event to a shelter or safe place. Public shelters are often needed for those in apartments, mobile homes, or housing without private shelters. The elderly may have general mobility or cognitive issues that can mean additional assistance is needed for transportation or even design of facilities. Those that may be unemployed or underemployed, renters, minorities, persons in poverty and many other factors may lead to great need for temporary housing if their housing or employment has been destroyed in an event. Many of these socially vulnerable people may not have insurance or family or other resources to assist them if they experience losses from an event. This analysis helps to

raise awareness that while hazards exist for all the population within a county, some may need additional attention and focus to ensure their safety, health and recovery.

Section Six: Impact and Unmet Needs Assessment

Impact on Low- to Moderate-Income Households

A core principle of the CDBG program is the “development of viable urban communities, by providing decent housing, a suitable living environment and expanding economic opportunities, principally for persons of [LMI].”³⁰ To meet this core principle, the CDBG authorizing statute requires that no less than 70% of the aggregate of CDBG program funds be expended for activities benefitting LMI persons and this requirement is also applicable to CDBG-DR funds.

For purposes of the CDBG program, low- to moderate-income is defined as total household income at or below 80% of Area Median Income (AMI) as defined by HUD. AMI is calculated yearly at the state level with each county and for certain metropolitan areas having defined income limits. The below Section 3 Income Limits Chart shows the statewide AMI for the Extremely Low-Income Limit (ELIL, 30%), Very Low-Income Limit (VLIL, 50%) and Low-Income Limit (LIL, 80%).

Statewide Income Limits for Arkansas²⁷

FY 2019 Very Low-Income (50%) Limit (VLIL)								
Median Family Income	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
59,000	20,650	23,600	26,550	29,500	31,850	34,200	36,600	38,950

FY 2019 Extremely Low-Income (30%) Limit (ELIL)								
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
	12,400	14,150	15,950	17,700	19,100	20,550	21,950	23,350

FY 2019 Low-Income (80%) Limit (LIL)								
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
	33,050	37,750	42,500	47,200	51,000	54,750	58,550	62,300

HUD provides grantees with LMI data to justify area basis²⁸ benefit activities that is accessible via

²⁷FY 2019 Income Limits Documentation System, Retrieved at https://www.huduser.gov/portal/datasets/il/il2019/2019summary.odn?inputname=STTLT*0599999999%2BArkansas&selection_type=county&stname=Arkansas&statefp=05.0&year=2019

²⁸ Low- and moderate-income benefit can be demonstrated in four ways: area basis, limited clientele, housing, and

HUD’s website²⁹. Grantees, such as the State of Arkansas, and their subrecipients must maintain documentation verifying the LMI benefit for each beneficiary of the grant funding. The table below highlights the percentage of the total population that is LMI by census tract in the disaster designated counties.

FEMA Owner-Occupied and Rental Unit Application Data³⁰

County	Total Owner Applications	Total Rental Applications	LMI% (less than 80% AMI)
Arkansas	19	3	40.18
Conway	16	6	39.62
Crawford	40	16	39.16
Desha	48	11	51.05
Faulkner	186	32	40.61
Jefferson	341	46	41.46
Lincoln	18	2	43.02
Logan	24	4	41.71
Perry	134	34	50.27
Pope	13	7	40.03
Pulaski	317	168	44.38
Sebastian	243	92	43.26
Yell	36	7	37.42

creation/retention of jobs. The “area basis” approach is based on HUD-supplied income data from the US Census, while the “limited clientele” approach makes an assumption based on income characteristics of a specific group being assisted. Demonstrating low- and moderate-income benefit through housing and jobs is focused on the income of the individual or household receiving the direct benefit of the activity.

²⁹ HUD Exchange, FY 2020 ACS 5-Year 2011-2015 Low- and Moderate-Income Summary Data. Retrieved at: <https://www.hudexchange.info/programs/acs-low-mod-summary-data/>

³⁰ Application and inspection data obtained from FEMA database last updated 03/16/2020. American Community Survey data obtained from 2018: ACS 5-Year Estimates Data Profiles, Retrieved at <https://www.census.gov/acs/www/data/data-tables-and-tools/data-profiles/> and U.S. Census Bureau (July 1, 2019) QuickFacts, retrieved from <https://www.census.gov/quickfacts/fact/table/AR/PST045219>

Overview of Impact to Core Sectors

Three core sectors define disaster recovery: infrastructure, housing, and economic revitalization. To understand the need, each sector is summarized, including defining aspects and pivotal areas to be addressed for a successful recovery effort. The sectors are each allotted a certain percentage of funding that may be spent on projects in their respective sector. HUD may grant a waiver to shift funding allocations to other sectors depending on the needs in each community. If a community can demonstrate that their housing needs have been addressed, the grantee may request that the allocation be shifted to allow for additional infrastructure or economic recovery funding.

Impact on Infrastructure

The preliminary damage assessment as of October 30, 2019, lists estimated public assistance costs at \$8,582,911, and total funds requested for PA projects to repair infrastructure facilities is currently valued at more than \$50 million,³¹ but the number is thought to be significantly higher, as data on flood control works is not currently available. FEMA defines flood control works as structures, such as levees, flood walls, flood control channels, and water control, that are designed and constructed to have an appreciable effect in preventing damage due to an irregular and unusual rise in water levels.³² State and local governments moved quickly after the disasters to repair roads and other public infrastructure; however, rebuilding and mitigating for future events is an ongoing effort. Infrastructure remains a critical component in unmet needs and, due to a lack of centralized data and data that may not exist, the full extent of the damage to these systems is still unknown.

While an actual figure is not known for how much the wide-ranging damages to infrastructure resulted in subsequent damages to housing and businesses, anecdotally from the widely reported and numerous personal accounts of individuals and businesses affected, it is broadly acknowledged that infrastructure is, in large part, the backbone of community and commerce, and the tangible systems connecting housing to businesses and both to their larger communities.

A FEMA Public Assistance Summary for DR-4441 indicates that 61 applicants requested a total of 293 projects (project worksheets received) requesting assistance of which all were approved. The public infrastructure costs derived from the FEMA project worksheets total just under \$50 million, a significant increase from the initial estimate of \$8,582,911. The federal cost share is listed at 75% or \$38.2 million and the local share as just under 25%, or \$11.768 million.

The largest number of applications for FEMA Public Assistance came from city and county governments. Additional applicants came from levee and drainage improvement districts, wastewater utilities and water associations, a port authority, a sheriff's office, a fire department, and a number of state agencies.

Infrastructure Unmet Needs

In order to calculate unmet needs, the Arkansas Grants Division used two methods. The first was to determine the *total* amount of FEMA Public Assistance project worksheets and calculate the 25% cost share. This includes all categories.

³¹ \$50 million is the sum of estimated damage presented in the Infrastructure Unmet Needs table below

³² FEMA Fact Sheet: Public Assistance. Retrieved at: https://www.fema.gov/media-library-data/1579196182575-ca576e176a344d81c01557191d2337ac/PA_Fact_Sheet_Flood_Control_Works_2017_508.pdf

Funding Source	Total Cost	Approved Funding	Unmet Needs (Local Share)
Total FEMA Public Assistance	\$49,979,135	\$38,211,162	\$11,767,973

**local share doesn't account for 100% federal share projects*

The third method was to use data from HUD's allocation methodology:

To calculate 2018 and 2019 unmet needs for infrastructure projects, HUD obtained FEMA cost estimates (as of November 13, 2019 for the 2019 disasters) of the expected local cost share to repair the permanent public infrastructure (Categories C to G) to their pre-storm condition.

2019 Infrastructure Need (Data 1/15/2019)

Grantee	<u>Category C to G FEMA PA Estimate</u>	<u>Federal Share</u>	<u>Local Share (Unmet Need)</u>	<u>Federal Share percent</u>
Arkansas	\$8,160,632	\$6,120,474	\$2,040,158	75%

Roads and Bridges

The 2019 disaster devastated roads and bridges throughout the State of Arkansas. Currently, the estimated project cost of damage reported to FEMA to roads and bridges is \$7.132 million. Local, state, and federal roads and bridges were all impacted with closures of state highways and state highway bridges. In the aftermath of the disaster, the Arkansas Department of Transportation (ARDOT) and local governments moved quickly to provide emergency and temporary repairs to enable roads to reopen.

Funding Source	Damage ³³	Anticipated Funding	Unmet Needs
PA-Eligible Roads (Category C)	\$7,132,116	\$5,349,087.11	\$1,783,028

Due to closures on many of the roadways, other local roads that were not rated for heavy-use were more heavily used, causing additional wear and tear. These indirect impacts on local roads and privately-owned roads made recovery efforts even more difficult. The local roads are used for personal travel for Arkansas's individuals and families and for the transportation of agricultural equipment and trucks, making these roads critical to the state economy. These indirect impacts may not be covered by federal disaster recovery assistance, with responsibility potentially falling on the local and state governments.

³³ This table represents current repair estimates, which are subject to change

Water Control and Wastewater Treatment Facilities

In June 2019, Governor Asa Hutchinson created the Arkansas Levee Task Force after the state experienced the record flooding that caused extensive damage to the state's levee system. The Governor appointed both state and local representatives to the Task Force, including a county judge, a county clerk, an elected municipal official, state agency secretaries, state legislators, citizens representing flood-impacted areas, citizens with knowledge of the engineering, construction, funding, or oversight of levees, and other key stakeholders.

They were asked to address four objectives:

- analyze the condition of the state's system of 92 levees;
- identify sources and requirements for funding levee construction, repair and maintenance;
- study the prospective monitoring and reporting of systems for the maintenance of levees;
- and to review the adequacy of current laws and organizational structure of the levee system and levee district boards.

The report from the 26-member Task Force includes 17 recommendations³⁴. Among these are recommendations that the state provide financial incentives to encourage districts to participate in a federal levee inspection and maintenance program, and the consolidation of certain levee districts that are dependent on each other. Up to \$10 million in grant funds was made available by the Governor for levee repair.

It is believed that a prominent levee failure in Dardanelle would need \$1.7 million for repairs, but that amount could be lessened by other work being done on the levee. Another larger grant from the Arkansas Natural Resources Commission (ANRC) was for \$1.6 million in the Riverdale area in Little Rock.

³⁴ *Arkansas Levee Task Force, December 2019*. Retrieved at

https://governor.arkansas.gov/images/uploads/Levee_Taskforce_Final_report_Dec_2019.pdf

Damage to Water Control and Treatment Facilities³⁵

Funding Source	Damage	Anticipated	Unmet Need
PA-Eligible Levees (Category	\$2,351,209	\$1,763,407	\$587,802
Natural Resources Conservation Service (NRCS) Emergency			
United States Army Corps of Engineers (USACE) Rehabilitation and Inspection Program (RIP)			
State of Arkansas Natural Resources Division, Department of Agriculture	\$8,800,000	\$8,800,000	
All Water Control			\$587,802

Utility Systems

The 2019 floods resulted in significant disruptions to electrical services throughout the impacted areas. Power, water, and sewer services throughout the State of Arkansas reported damage and the current total estimated cost for utility repair projects is approximately \$12.25 million based on FEMA PA data.³⁶ Due to the nature of the storm and its lingering effects, the continued flooding made it difficult to determine the exact extent of the damage to these facilities. Furthermore, road and bridge closures also hindered the state’s ability to make expedient repairs.

Damage to Utility Systems³⁷

Funding Source	Damage	Anticipated Funding	Unmet Need
PA-Eligible Utilities (Category F)	\$12,255,588	\$9,191,691	\$3,063,897

³⁵ This table represents current repair estimates, which are subject to change

³⁶ Data obtained from ADEM and current as of July 20, 2020

³⁷ This table represents current repair estimates, which are subject to change

Parks, Recreational, and Other Facilities

In total, seven counties applied for FEMA PA to fund the restoration of municipal parks, sports facilities, trail facilities, and natural resource protection. This may not account for all the damage incurred to these facilities as less than half of the PA-eligible counties reported damage in this category. Moreover, it is possible that the impacts caused damage to recreational facilities that are ineligible for FEMA assistance.

Damage to Parks, Recreational, and Other Facilities³⁸

Funding Source	Damage	Anticipated	Unmet
PA-Eligible Buildings (Category E)	\$5,229,141	3,921,855	\$1,307,285
PA-Eligible Recreational (Category	\$4,159,929	3,119,947	1,039,982
All Buildings and Recreational Facilities	\$9,389,070	\$7,041,802	\$2,347,267

Infrastructure Damage in the Most Impacted and Distressed Areas

The counties that HUD designated as MID (Jefferson and Perry) did not necessarily experience a disproportionate amount of damage from the 2019 disasters. This is clearly demonstrated in the FEMA PA data from the disaster, as MID counties account for about 10% of total PA costs despite representing 12% of all counties eligible for PA funding. Accordingly, it is helpful to compare the cost of infrastructure damage per capita within and outside of the MID across FEMA PA categories of work, as Perry County, with a population of only 10,455, experienced a per capita damage of approximately \$205, whereas, across the other counties, per capita damage is estimated between \$30-40.

³⁸ This table represents current repair estimates, which are subject to change

PA Cost per Capita in MID Counties³⁹⁴⁰

	Jefferson	Perry	Non-MID Counties
Population	66,824	10,455	1,018,169
Cat. A – Debris Removal	\$ 60,718.00	\$ 49,174.00	\$ 8,153,586.00
Cat. B – Emergency Measures	\$ 110,123.00	\$ 119,809.00	\$ 5,247,703.00
Cat. C – Roads and Bridges	\$ 138,049.69	\$ 1,844,004.41	\$ 5,150,061.00
Cat. D – Water Control Facilities	\$ 226,846.34	\$ -	\$ 2,124,363.53
Cat. E – Buildings and Equipment	\$ 108,993.00	\$ -	\$ 5,120,148.00
Cat. F – Utilities	\$ 310,750.00	\$ 125,468.00	\$11,819,370.00
Cat. G – Parks, Rec. Facilities, and Other Items	\$1,242,155.00	\$ -	\$ 2,917,774.00
Total	\$2,197,635	\$2,138,455	\$40,533,006

Promoting Resilience

Resiliency is considered a key component under the State’s CDBG-DR Action Plan. Resiliency is not seen as a single independent CDBG-DR activity but rather a sub-component of the eligible CDBG-DR activities. Building back better and creating resilient housing and infrastructure is an important part of any eligible CDBG-DR activity. Resiliency/mitigation can represent a wide range of unmet need encompassing numerous types of activities. For example, resiliency/mitigation activities can include the clearance/demolition of houses in identified floodplain areas. The State’s needs assessment also indicates an unmet need for repairs related to drainage systems for which resiliency measures will also play a significant role. As applicable, resiliency is to be considered in conjunction with all CDBG-DR activities.

³⁹ FEMA database current as of July 20, 2020

⁴⁰ HUD Exchange, FY 2020 ACS 5-Year 2011-2015 Low- and Moderate-Income Summary Data. Retrieved at: <https://www.hudexchange.info/programs/acs-low-mod-summary-data/>

The HMGP will be a critical part of long-term resilience improvements for infrastructure in the impacted areas, as these funds can be used for mitigation and planning activities. HMGP is generally allocated based on 15% of the total PA funds provided by FEMA, in addition to the FEMA IA funds made available. Despite the size of the total award, jurisdictions that receive HMGP awards are expected to contribute a portion of funding to the eligible project or activity, likely yielding unmet needs for resilience improvements.

CDBG-DR funds may be used as a non-federal share match in specific instances where a particular project can meet CDBG-DR requirements. These funds can also be used to address mitigation measures for housing and infrastructure where it is not reasonable to build back to pre- disaster status due to the damage of the structures. Integral to the CDBG-DR program is rebuilding structures to meet code and be resilient in the face of another disaster.

Infrastructure Resilience Unmet Needs⁴¹

Funding Source	Damage	Anticipated	Unmet Need
HMGP	\$4,848,134	\$3,636,100	\$1,212,034
FMA	\$3,241,794	\$2,673,746	\$568,048
			\$1,780,082

⁴¹ These unmet needs will be considered in the Housing Assistance Unmet Needs, and will be used for voluntary buyouts and acquisition

Impact on Housing

Evaluating the FEMA applications for housing assistance will demonstrate the impact on housing throughout the State of Arkansas, highlighting the housing unmet needs resulting from the 2019 disaster. While the MID areas demonstrate the areas with the highest unmet needs, these areas may not represent the LMI areas of highest unmet needs. HUD's unmet needs calculation does not consider the LMI population, which may inadvertently misrepresent the highest need areas in terms of vulnerable populations and the directive to address LMI persons with CDBG-DR funds.

Following the disaster declaration, individuals may apply for assistance through FEMA and SBA for home repairs, rental assistance, and other needs assistance. FEMA tables below show the total FEMA Individual Assistance registrations and share data on registrations and Individuals and Households Program (IHP) where registration for disaster is valid.

The total number of applicants in the MID designated areas (Jefferson and Perry) represent 28% of the total applications submitted to FEMA and 47% of all approvals for individual assistance, a disproportionate share for these two counties. Looking at the MID designated areas, including the entire county of Jefferson and Perry, these areas have a substantially higher per capita rate of applications submitted and applications approved for both owner-occupied and renter-occupied applications.

Open FEMA - Individual Assistance Data - Open Disaster Statistics⁴²⁴³

Data as of: 7/6/20

County	Valid Registrations	Occupants Under Two	Occupants Two to Five	Occupants 5 to 18	Occupants 19 to 64	Occupants 65 and Older	Home Damage	Access or Functional Need	Utilities Out	Auto Damage	Emergency Needs	Food Need	Shelter Need
Arkansas	38	0	0	5	39	13	33	5	20	0	15	10	10
Conway	33	5	10	15	39	20	29	10	5	0	11	5	10
Crawford	58	5	15	26	85	25	50	20	20	5	26	25	20
Desha	69	5	5	19	85	22	62	13	9	5	32	26	26
Faulkner	228	11	17	81	303	114	198	30	34	10	84	57	54
Jefferson	402	21	40	87	438	236	376	79	102	25	145	91	105
Lincoln	26	0	0	5	31	6	25	5	5	5	5	5	5
Logan	37	0	5	15	48	5	29	10	5	0	10	10	10
Perry	156	12	21	86	198	77	134	36	30	5	62	42	43
Pope	34	5	5	15	34	15	25	15	15	5	25	25	15
Pulaski	493	27	69	233	613	209	342	116	103	68	251	211	111
Sebastian	343	20	29	135	452	189	288	60	72	20	100	69	53
Yell	58	5	5	18	63	30	35	14	6	5	7	5	5
Totals	1,975	116	221	740	2,428	961	1,626	413	426	153	773	581	467

⁴² Data Resource: OpenFEMA, <https://www.fema.gov/media-library/assets/documents/132213> last updated July 6, 2020

⁴³ Privacy Act Statement All totals from 1-4 have been rounded up to 5.

This dataset contains aggregated, non-PII data generated by FEMA’s Enterprise Coordination & Information Management (ECIM) Reporting team to share data on registrations and Individuals and Households Program (IHP) where registration for disaster is valid. Additional core data elements include: valid call center registrations, IHP eligible, IHP amount, Housing Assistance (HA) referrals, HA eligible, HA amount, Other Needs Assistance (ONA) eligible, and ONA amount. FEMA and the Federal Government cannot vouch for the data or analyses derived from these data after the data have been retrieved from the Agency's website(s) and/or Data.gov.⁴⁴

County	Registration Intake (RI) Information		Individuals and Households Program (IHP) Information								
	Total Valid Registrations	Valid Call Center Registrations	IHP Referrals	IHP Eligible	IHP Amount	HA Referrals	HA Eligible	HA Amount	ONA Referrals	ONA Eligible	ONA Amount
Arkansas	22	11	17	11	\$ 81,284.57	17	11	\$ 81,284.57	2	0	\$ -
Crawford	71	39	52	33	\$ 311,053.57	52	33	\$ 275,920.34	25	12	\$ 35,133.23
Desha	58	21	50	36	\$ 391,896.75	50	35	\$ 366,146.81	22	14	\$ 25,749.94
Faulkner	220	115	189	109	\$ 669,430.75	184	106	\$ 639,951.90	76	21	\$ 29,478.85
Jefferson	386	195	329	262	\$ 3,172,821.96	326	260	\$ 2,950,054.87	148	67	\$ 222,767.09
Lincoln	19	4	9	7	\$ 110,618.17	9	7	\$ 109,646.26	2	1	\$ 971.91
Logan	25	9	18	13	\$ 205,836.53	17	13	\$ 176,489.51	7	6	\$ 29,347.02
Perry	147	65	125	104	\$ 1,093,075.58	125	103	\$ 1,022,576.58	57	24	\$ 70,501.00
Pope	20	10	14	4	\$ 52,456.61	12	4	\$ 52,456.61	6	0	\$ -
Pulaski	465	252	340	138	\$ 789,341.65	313	127	\$ 725,391.54	169	29	\$ 63,950.11
Sebastian	331	112	277	192	\$ 2,044,320.94	263	191	\$ 1,972,939.86	115	40	\$ 71,381.08
Yell	42	27	28	16	\$ 112,910.28	27	16	\$ 105,402.67	11	2	\$ 7,507.61
TOTALS	1806	860	1448	925	\$ 9,035,047.36	1395	906	\$ 8,478,261.52	640	216	\$ 556,787.84

⁴⁴FEMA, July 2020, *Registration Intake and Individuals and Households (RI-IHP) Program Data*. Retrieved at <https://www.fema.gov/media-library/assets/documents/34752>

Owner-Occupied and Renter-Occupied Housing

The 2019 disasters impacted owners and renters throughout the State of Arkansas. While HUD identified Jefferson and Perry as the MID areas, the impacts were felt statewide. Tables prepared below detail FEMA IA applications submitted by owners and renters, the types of residences inspected, and the demographics of those applications in each county. According to the US Census Bureau, Arkansas has an average poverty rate of 17.2%, and is home to vulnerable populations including aging individuals (17.4%) and persons age 65 or older living alone (11.3%) and people with disabilities (12.5%). However, only one of the 17 declared counties has an income at or below 80% of the AMI.⁴⁵

FEMA Owner-Occupied and Rental Unit Application Data⁴⁶

County	Total Owner Applications	Total Rental Applications	LMI% (Less than 80% AMI)	Poverty	Disabled (under age 65)	Speak English less than "very well"	Age Dependent (Less than 5, Over 65)	Minority Group	Unemployment
Arkansas	19	3	40.18	17.9	24.4	0.9	26.8%	28.2	3.6
Conway	16	6	39.62	31.4	23.3	1.6	25.7	15.2	3.4
Crawford	40	16	39.16	16.0	20.2	2.9	23.6	9.3	2.8
Desha	48	11	51.05	24.3	20.7	5.1	26	50.6	5.8
Faulkner	186	32	40.61	15.4	10.8	1.7	18.9	16.4	2.9
Jefferson	341	46	41.46	22.2	13.1	1.2	23.9	63.2	5.1

⁴⁵ These populations, among others, will likely require targeted outreach. The Citizen Participation Plan (Appendix C of this Action Plan) addresses the outreach requirements as outlined in the federal register for this allocation.

⁴⁶ Application and inspection data obtained from FEMA database last updated 03/16/2020. American Community Survey data obtained from 2018: *ACS 5-Year Estimates Data Profiles*, Retrieved at <https://www.census.gov/acs/www/data/data-tables-and-tools/data-profiles/> and U.S.Census Bureau (July 1, 2019) *QuickFacts*, retrieved from <https://www.census.gov/quickfacts/fact/table/AR/PST045219>

Lincoln	18	2	43.02	27.5	15.9	1.6	19.9	32.4	1.1
Logan	24	4	41.71	18.6	14.6	1.4	26.3	6.8	4.8
Perry	134	34	50.27	14.7	17.6	0.2	26.6	5.5	3.3
Pope	13	7	40.03	16.0	13.0	4.8	22.5	7.9	3.5
Pulaski	317	168	44.38	16.7	11.6	3.6	22.6	42.8	3.2
Sebastian	243	92	43.26	15.6	15.0	6.6	23.1	18.2	2.9
Yell	36	7	37.42	16.3	15.7	8.0	24.2	6.1	3.1

Renters are eligible to apply for assistance to help pay for monthly rental assistance and replace damaged or destroyed personal property. In total, there were 423 applications submitted by renters with only 104 (25%) approved to receive assistance. The average payment for rental assistance was \$1,659. When compared to Arkansas’s median monthly rental payment (\$729)⁴⁷, 73 of the renters received amounts that account for less than two months of rent. A total of 49 rental applications received Other Needs Assistance, of amounts ranging from \$203 to \$8,175.

The above table shows the density of rental applications in the MID counties (only 19% of applicants approved for rental assistance were located in the MID). The majority of rental applicants were in Pulaski and Sebastian Counties.

Housing Characteristics

While moving homes from floodplains and replacing (versus repairing) mobile homes may provide residents with more suitable living situations, cost-effectiveness must be taken into account when making determinations about the programs that will be more beneficial to Arkansans. The below tables outline the housing types reported on FEMA applications and then show the distribution of these housing types. These figures show the high density of mobile homes within the MID.

⁴⁷ U.S. Census Bureau, Quick Facts, Population Estimates, July 1, 2019. Retrieved at <https://www.census.gov/quickfacts/fact/table/AR/PST045219>

County	Owner	Renter	Apartment	Assisted Living	Boat	Condo	House/Duplex	Mobile Home	Other	Townhouse	Travel Trailer
Arkansas	19	3	1	0	0	0	8	11	2	0	0
Conway	16	6	0	0	0	0	11	6	4	0	2
Crawford	40	16	1	1	0	0	27	19	7	0	2
Desha	48	11	6	0	0	0	15	35	2	0	2
Faulkner	186	32	3	0	0	0	129	75	11	0	4
Jefferson	341	46	9	0	4	0	223	139	13	0	6
Lincoln	18	2	1	0	0	0	7	11	1	0	1
Logan	24	4	0	0	0	0	16	7	4	0	1
Perry	134	34	2	0	0	0	70	76	13	1	6
Pope	13	7	1	0	0	0	11	3	4	0	1
Pulaski	317	168	32	0	5	0	382	17	41	4	7
Sebastian	243	92	46	0	0	2	237	13	35	4	1
Yell	36	7	1	1	0	0	28	6	8	0	1
Totals	1301	428	103	2	9	2	1164	418	145	9	34

*discrepancies between total owners and renters and dwelling type include "unknown" whether owner or renter. No unknown had an RP FVL (real property FEMA verified loss)

FEMA Applicants– Owner and Renter Housing Types Impacted and Insurance Status

Residence Type	Total Residences	Owners	Renters	Flood Insurance	No Flood Insurance	Homeowners Insurance	No Homeowners Insurance
Apartment	102	1	101	0	102	1	101
Assisted Living	2	0	2	0	2	0	2
Boat	9	9	0	1	8	1	8
Condo	2	2	0	0	2	2	0
House/Duplex	1162	947	206	277	885	719	443
Mobile Home	420	357	56	50	370	162	258
Other	142	90	49	0	142	0	142
Townhouse	9	5	4	0	9	5	4
Travel Trailer	33	26	7	0	33	3	30
TOTAL	1881	1437	425	328	1553	893	988

FEMA Applicants– Total Owner and Renter Income Breakdown by Housing Type

Residence Type	Income less than \$33,050 (LMI)	Income between \$33,050-\$49,999	Income between \$50-99k	Income at or over \$100k	Unknown Income
Apartment	75	14	9	0	4
Assisted Living	2	0	0	0	0
Boat	7	2	0	0	0
Condo	0	0	1	1	0
House/Duplex	477	178	239	158	110
Mobile Home	45	34	44	19	19
Other	21	3	8	5	12
Townhouse	4	2	2	0	1
Travel Trailer	21	3	2	0	6
TOTAL	652	236	305	183	152

FEMA Applicant – Total Owner and Renter Income Breakdown by County

County	Income at or less than \$33,050 (LMI)	Income between \$33,051-\$49,999	Income between \$50-99k	Income at or over \$100k	Unknown Income
Arkansas	6	5	4	3	4
Conway	14	2	2	3	2
Crawford	27	7	15	7	1
Desha	31	9	8	5	7
Faulkner	91	42	50	21	18
Jefferson	166	63	96	34	35
Lincoln	3	2	4	3	9
Logan	10	8	5	2	3
Perry	85	30	27	8	18
Pope	11	4	3	0	2
Pulaski	264	60	61	42	61
Sebastian	103	46	79	71	39
Yell	25	7	9	4	0

Housing Unmet Needs

The total Serious Unmet Housing Needs calculated for the Most Impacted Areas of Jefferson and Perry Counties impacted by the flooding, as determined by HUD, is \$4,174,349.

Most Impacted Area	Serious Unmet Housing Need Estimate Most Impacted Area	Total Any Damage	Total Serious Damage	Owner Serious Unmet	Renter Serious Unmet	Total Serious Unmet
71602:Jefferson (County)	\$2,144,847	89	74	41	4	45
72016:Perry (County)	\$2,029,502	75	66	43	5	48

The data HUD uses to calculate unmet needs for 2018 qualifying disasters come from the FEMA Individual Assistance program data on housing-unit damage as of July 17, 2019. The data for 2019 qualifying disasters is as of November 13, 2019.

The core data on housing damage for both the unmet housing needs calculation and the concentrated damage are based on home inspection data for FEMA’s Individual Assistance program and SBA’s disaster loan program. HUD calculates “unmet housing needs” as the number of housing units with unmet needs times the estimated cost to repair those units less repair funds already provided by FEMA and SBA.

Each of the FEMA inspected owner units are categorized by HUD into one of five categories:

- Minor-Low: Less than \$3,000 of FEMA inspected real property damage.
- Minor-High: \$3,000 to \$7,999 of FEMA inspected real property damage
- Major-Low: \$8,000 to \$14,999 of FEMA inspected real property damage and/or 1 to 3.9 feet of flooding on the first floor;
- Major-High: \$15,000 to \$28,800 of FEMA inspected real property damage and/or 4 to 5.9 feet of flooding on the first floor.
- Severe: Greater than \$28,800 of FEMA inspected real property damage or determined destroyed and/or 6 or more feet of flooding on the first floor.

When owner-occupied properties also have a personal property inspection or only have a personal property inspection HUD reviews the personal property damage amounts such that if the personal property damage places the home into a higher need category over the real property assessment, the personal property amount is used as follows::

- Minor-Low: Less than \$2,500 of FEMA inspected personal property damage
- Minor-High: \$2,500 to \$3,499 of FEMA inspected personal property damage
- Major-Low: \$3,500 to \$4,999 of FEMA inspected personal property damage or 1 to 3.9 feet of flooding on the first floor.
- Major-High: \$5,000 to \$9,000 of FEMA inspected personal property damage or 4 to 5.9 feet of flooding on the first floor.
- Severe: Greater than \$9,000 of FEMA inspected personal property damage or determined destroyed and/or 6 or more feet of flooding on the first floor.

To meet the statutory requirement of “most impacted” in this legislative language, homes are determined to have a high level of damage if they have damage of “major-low” or higher. That is, they have a FEMA inspected real property damage of \$8,000 or above, personal property damage \$3,500 or above, or flooding 1 foot or above on the first floor.

Furthermore, a homeowner with flooding outside the 1% risk flood hazard area is determined to have unmet needs if they reported damage and no flood insurance to cover that damage. For homeowners inside the 1% risk flood hazard area, homeowners without flood insurance with flood damage below the greater of national median or 120% of Area Median Income are determined to have unmet needs. For non-flood damage, homeowners without hazard insurance with incomes below the greater of national median or 120% of Area Median Income are included as having unmet needs.

FEMA does not inspect rental units for real property damage so personal property damage is used as a proxy for unit damage. Each of the FEMA-inspected renter units are categorized by HUD into one of five categories:

- Minor-Low: Less than \$1,000 of FEMA inspected personal property damage
- Minor-High: \$1,000 to \$1,999 of FEMA inspected personal property damage
- Major-Low: \$2,000 to \$3,499 of FEMA inspected personal property damage or 1 to 3.9 feet of flooding on the first floor.
- Major-High: \$3,500 to \$7,500 of FEMA inspected personal property damage or 4 to 5.9 feet of flooding on the first floor.
- Severe: Greater than \$7,500 of FEMA inspected personal property damage or determined destroyed and/or 6 or more feet of flooding on the first floor.

To meet the statutory requirement of “most impacted” for rental properties, homes are determined to have a high level of damage if they have damage of “major-low” or higher. That is, they have a FEMA personal property damage assessment of \$2,000 or greater or flooding 1 foot or above on the first floor.

Furthermore, landlords are presumed to have adequate insurance coverage unless the unit is occupied by a renter with income less than the greater of the Federal poverty level or 50% of median income. Units occupied by a tenant with income less than the greater of the poverty level or 50% of median income are used to calculate likely unmet needs for affordable rental housing.

The average cost to fully repair a home for a specific disaster to code within each of the damage categories noted above is calculated using the median real property damage repair costs determined by the SBA for its disaster loan program for the subset of homes inspected by both SBA and FEMA for each eligible disaster.

Minimum multipliers are not less than the 1st quarter median for all Individual Assistance (IA) eligible disasters combined in each disaster year at the time of the allocation calculation, and maximum multipliers are not more than the 4th quarter median for all IA eligible disasters combined in each disaster year with data available as of the allocation. Because SBA is inspecting for full repair costs, their estimate is presumed to reflect the full cost to repair the home, which is generally more than the FEMA estimates on the cost to make the home habitable. If there is a match of fewer than 20 SBA inspections to FEMA inspections for any damage category, the minimum multiplier is used.

For each household determined to have unmet housing needs (as described above), their estimated average unmet housing need is equal to the average cost to fully repair a home to code less assistance from FEMA and SBA provided for repair to the home, based on their damage category (noted above).

Owner-Occupied Unmet Needs

The state used a similar methodology of amalgamating multiple sources to capture unmet needs data across all sectors of recovery. Resources for the housing sector included FEMA and SBA data.

FEMA Data – Housing

When using the FEMA data related to both owner-occupied and rental housing, the state chose to deploy a similar method used by HUD in its calculation of unmet need for the two identified most impacted counties. The data collected in the FEMA registrations was sorted by those owners with *uninsured* real property verified loss, and then by income level to determine the low- and moderate-income persons. Following HUD’s process, units were separated into categories of Major Low Need Value, Major High Need Value, and Severe Need Value. Each of those categories is based upon a value range of reported real property verified loss (for homeowners). Each category is also assigned a multiplier to account for the estimated cost it would take to rehabilitate or reconstruct the home.

Housing Multipliers 2019 Disasters – Estimated average cost to repair for uninsured properties after subtracting out average per unit amount estimated to be covered by SBA and FEMA assistance

	Serious Unmet Housing Need Multipliers		
	Major-Low	Major-High	Severe
Arkansas	\$26,431	\$37,804	\$63,084

Owner-Occupied No Flood Insurance	# of Uninsured Units Damaged	# of Units Major-Low (\$8,000 to \$14,999 RP FVL)	Major-Low (\$26,431 multiplier)	# of Units Major-High (\$15,000 to \$28,800 RP FVL)	Major-High (\$37,804 multiplier)	# of Units Severe (greater than \$28,800 RP FVL)	Severe (\$63,084 multiplier)	Total Estimated Average Cost to Repair with Multipliers (Estimated Unmet Need)
Units with applicable level RPVL with unreported income	19	7	185,017.00	8	\$302,432.00	4	\$252,336.00	\$739,785.00
Units with applicable level RPVL occupied by extremely low income (<30% MFI)	28	11	\$290,741.00	13	\$491,452.00	4	\$252,336.00	\$1,034,529.00
Units with applicable level RPVL occupied by very low income (<50% MFI)	26	8	\$211,448.00	12	\$453,648.00	6	\$378,504.00	\$1,043,600.00
Units with applicable level RPVL occupied	41	13	\$343,603.00	21	\$793,884.00	7	\$441,588.00	\$1,579,075.00

by low income (<80% MFI)								
Units with applicable level RPVL occupied by moderate income (>80% MFI)	46	14	\$370,034.00	24	\$907,296.00	8	\$504,672.00	\$1,782,002.00
Total Units with applicable RPVL	160	53	\$1,400,843.00	78	\$2,948,712.00	29	\$1,829,436.00	\$6,178,991.00

The estimated average cost to repair owner-occupied uninsured properties after subtracting out average per unit amount estimated to be covered by SBA and FEMA assistance is \$6,178,991.

Note: This data provides an estimated unmet need for uninsured owner-occupied households in the 13 counties for which there is an Individual Assistance disaster declaration. It does not incorporate potential need for homeowners or renters in the other four counties that only qualified for public assistance, or for any of the other 58 that may have suffered losses and were not included because the County did not receive a declaration.

FEMA Applicant – Total Owner and Renter Real Property FEMA Verified Loss vs. Housing Assistance Awarded by Housing Type

Residence Type	Total FVL	Total HA Awarded	Unmet Needs before possible SBA
Apartment	\$0	\$46,729	\$0
Assisted Living	\$0	\$0	\$0
Boat	\$1,297	\$8,534	\$0
Condo	\$14,340	\$15,740	\$0
House/Duplex	\$9,063,162	\$4,873,071	\$4,190,090
Mobile Home	\$4,569,333	\$3,348,142	\$1,221,191
Other	\$14,493	\$17,245	\$0
Townhouse	\$8,926	\$9,964	\$0
Travel Trailer	\$113,347	\$96,156	\$17,190
TOTAL	\$13,784,898	\$8,415,581	\$5,369,317

FEMA Applicant – By County, Total Owner and Renter Real Property FEMA Verified Loss, Severe Need vs. Housing Assistance Awarded by Housing Type

County	FVL > 8K	Total FVL Severe Need	Total HA Awarded Severe Need	Unmet Needs before possible SBA
Arkansas	8	\$105,680	\$63,763	\$41,917
Conway	4	\$67,499	\$72,581	\$0
Crawford	11	\$403,827	\$128,179	\$275,648
Desha	25	\$446,526	\$334,111	\$112,415
Faulkner	51	\$993,047	\$448,111	\$544,936
Jefferson	202	\$4,709,655	\$2,742,946	\$1,966,709
Lincoln	5	\$124,790	\$108,286	\$16,504
Logan	6	\$150,962	\$159,724	\$0
Perry	76	\$1,828,019	\$975,319	\$852,700
Pope	2	\$46,531	\$50,334	\$0

Pulaski	55	\$1,255,132	\$557,939	\$697,193
Sebastian	131	\$2,961,939	\$1,805,306	\$1,156,633
Yell	4	\$78,452	\$68,941	\$9,511
TOTAL	580	\$13,172,059	\$7,515,540	\$ 5,656,519

Homeowner Unmet Need by Income

	Owner Income	# of Apps	RP FVL	HA Awarded	Unmet Need before SBA
Unreported Income		154	\$1,631,353	\$1,137,054	\$494,299
<30% MFI	\$0 - \$12,400	160	\$1,001,976	\$609,846.73	\$392,129.27
<50% MFI	\$12,401 - \$20,650	169	\$1,254,232	\$1,029,304.99	\$224,927.01
<80% MFI	\$20,651 - \$33,050	209	\$2,041,807	\$1,338,186.15	\$703,620.85
Total LMI renters		538			
Moderate-Income (Non-LMI) level RPVL occupied by moderate income (>80% MFI)	\$33,051 and above	743	\$8,022,904	\$4,156,275	\$3,866,629
		1435	\$13,952,272	\$8,270,667	\$5,681,605

Arkansas residents received a total of \$8,999,713.46 in Individual Assistance from FEMA, a combination of \$8,443,221 for Housing Assistance (HA), and \$556,491 in Other Needs Assistance (ONA).

SBA Data – Housing

SBA Disaster Statistics (Issued/Received/Loans Approved) for

AR #15982 as of 03/13/2020

County	Home Loan Applications Received	Home Loan Applications Approved	Dollars Approved
Arkansas	6	3	\$230,600
Conway	4	1	\$121,800
Crawford	13	3	\$143,600
Desha County	14	8	\$534,900

Faulkner County	58	27	\$1,737,400
Jefferson County	123	62	\$4,924,300
Lincoln	5	0	-
Logan County	6	1	\$40,000
Perry County	37	19	\$1,196,200
Pope County	4	0	-
Pulaski County	82	34	\$2,699,500
Sebastian County	83	42	\$3,730,200
Yell County	6	3	\$203,800
Totals	441	203	\$15,562,300

FEMA Serious Unmet Needs – SBA Approved Loans

County	Total FVL Severe Need	Total HA Awarded Severe Need	SBA Approved Loans	Remaining Unmet Need
Arkansas	\$105,680	\$63,763	\$230,600	\$0
Conway	\$67,499	\$72,581	\$121,800	\$0
Crawford	\$403,827	\$128,179	\$143,600	\$
Desha	\$446,526	\$334,111	\$534,900	\$0
Faulkner	\$993,047	\$448,111	\$1,737,400	\$0
Jefferson	\$4,709,655	\$2,742,946	\$4,924,300	\$0
Lincoln	\$124,790	\$108,286	-	
Logan	\$150,962	\$159,724	\$40,000	\$0
Perry	\$1,828,019	\$975,319	\$1,196,200	\$0
Pope	\$46,531	\$50,334	-	\$0
Pulaski	\$1,255,132	\$557,939	\$2,699,500	
Sebastian	\$2,961,939	\$1,805,306	\$3,730,200	\$0
Yell	\$78,452	\$68,941	\$203,800	\$0
TOTAL	\$13,172,059	\$7,515,540	\$15,562,300	

Survey Data – Counties Not Declared for Individual Assistance

Arkansas did not achieve declarations for Individual Assistance alone in any county, but achieved declarations for Public Assistance (PA) alone in four counties, and both Individual and Public Assistance in 13 counties, for a total of 17 declared counties. No assumption is being made of possible household damage in

counties not declared for Individual Assistance and therefore not counted in the data kept by FEMA and SBA. Further indication is evidenced in the Open FEMA Individual Assistance Data report which indicates 1,975 valid registrants, all from declared counties. There were ultimately three applications for FEMA assistance in Johnson County, but it was not approved for Individual Assistance, and those applicants are not reported to have received any housing or other assistance from FEMA.

Affordable and Public Housing

Lack of affordable housing throughout the State of Arkansas presented challenges prior to the 2019 disaster. Various housing authorities have conducted studies and outreach to communities with vulnerable populations to determine the need to address the lack of affordable housing.

AEDC is unaware of any damage to any housing authorities, public housing, or shelters.

The need to identify additional housing units impacted by the 2019 disasters is an ongoing effort. As results are found, the state will continue to coordinate with the local governments and any public housing authorities, to evaluate how CDBG-DR may potentially assist with closing this gap. If other such studies are conducted within other areas of the state, that information will also be taken into account where it is made available to the State of Arkansas.

Housing Impact to Vulnerable Populations

Returning to pre-flood circumstances is not an acceptable alternative for many vulnerable community members. As a community rebuilds its housing, infrastructure and economic base, there is also a necessary effort to improve the opportunities for many citizens. The Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988 (Stafford Act), as amended, contains Section 308, Nondiscrimination in Disaster Assistance which is designed to protect individuals from discrimination based on their race, color, nationality, sex, age or economic status. All recipients of CDBG Disaster funding must comply with Title VI of the Civil Rights Act of 1964.

The U. S. Department of Justice offers guidance to communities undertaking disaster recovery:

1. Reaffirm commitment to non-discrimination protections
2. Engage and include diverse racial, ethnic and Limited English Proficient (LEP) populations
3. Provide meaningful access to LEP individuals
4. Include immigrant communities in recovery efforts
5. Collect and analyze data

In addition to the LEP plan (see Appendix D) and other activities/supportive services to ensure the inclusion of all affected persons, the AEDC Grants Division must also evaluate the physical infrastructure that supports vulnerable populations such as housing for disabled persons, homeless shelters and transitional housing.

To date, AEDC has not received information identifying a having an unmet need for physical or structural homeless, transitional and supportive facility repairs as a direct result of the FEMA DR 4441 identified disaster, although the flood did affect homeless persons, particularly along the riverfront in Little Rock. No entity or local government has identified a need for financial assistance to address an increase in homeless individuals or families or physical damage to homeless or transitional housing facilities for any of the events covered by the Federal Register Notice.

As the State continues to work on recovery efforts, and continues planning activities for future disasters, it will continue to reach out to public housing authorities, owners/operators of HUD-assisted housing, homeless

service and shelter providers, as well as the owners and managers of both transitional and permanent housing for the homeless in order to address any newly identified unmet needs that may arise.

Should information relative to unmet need associated with alleviating the pressures of homelessness associated with the devastation caused by the storm become apparent, the State is committed to allocating any necessary resources from the next allocation of funding, consistent with all federal requirements and obligations.

Arkansas Homelessness Statistics

As of January 2019, Arkansas had an estimated 2,717 experiencing homelessness on any given day, as reported by Continuums of Care to the HUD. Of that Total, 132 were family households, 238 were Veterans, 336 were unaccompanied young adults (aged 18-24), and 691 were individuals experiencing chronic homelessness.

Public school data reported to the U.S. Department of Education during the 2017-2018 school year shows that an estimated 14,052 public school students experienced homelessness over the course of the year. Of that total, 244 students were unsheltered, 737 were in shelters, 567 were in hotels/motels, and 12,504 were doubled up.

The following table provides an estimate of homeless individuals and families within several categories. These numbers are taken from the January 24, 2019 point-in-time counts for the six continuums in Arkansas. To date, these coalitions have not provided a separate count of homeless individuals or families in rural areas. While it is acknowledged that there are rural homeless persons in Arkansas, the data are omitted due to lack of access to those data. Estimates for the number of homeless persons each year, becoming homeless each year, number exiting homeless each year, and duration of homelessness have not been developed. Data provided in the PIT counts are not categorized in a way that reflects the divisions in the tables below. To the extent possible, these data were arranged to respond to the data request. Some overlap or omissions may occur. Specific numbers for veterans, chronic homeless individuals and families, and unaccompanied youth were not provided. Persons in households were not divided between only adults and adults with children, so in the table these data are all provided as adults with children. The results of the January 2020 homeless count are not available at this time.

Homeless Needs Assessment

Population	Estimate the # of persons experiencing homelessness on a given night		Estimate the # experiencing homelessness each year	Estimate the # becoming homeless each year	Estimate the # exiting homelessness each year	Estimate the # of days persons experience homelessness
	Sheltered	Unsheltered				
Persons in Households with Adult(s) and Child(ren)	100	32	0	0	0	0
Persons in Households with Only Children	34	1	0	0	0	0

Population	Estimate the # of persons experiencing homelessness on a given night		Estimate the # experiencing homelessness each year	Estimate the # becoming homeless each year	Estimate the # exiting homelessness each year	Estimate the # of days persons experience homelessness
	Sheltered	Unsheltered				
Persons in Households with Only Adults	907	1,241	0	0	0	0
Chronically Homeless Individuals	238	0	0	0	0	0
Chronically Homeless Families	6	0	0	0	0	0
Veterans	153	85	0	0	0	0
Unaccompanied Child	34	1	0	0	0	0
Persons with HIV	5	10	0	0	0	0

Data Source

Comments:

HUD 2019 Continuum of Care

Nature and Extent of Homelessness:

Race:	Sheltered:	Unsheltered (optional)
White	789	862
Black or African American	431	471
Asian	3	1
American Indian or Alaska Native	26	10
Pacific Islander	8	16
Ethnicity:	Sheltered:	Unsheltered (optional)
Hispanic	29	31
Not Hispanic	1,273	1,384

Data Source

Comments:

HUD 2019 Continuum of Care

The HUD 2019 Continuum of Care data show that there were 226 beds dedicated to victims of domestic violence but are not segregated by women alone and women with children. Also, the data do not provide any insight into the familial status of veterans.

The majority of homeless persons in Arkansas are White, non-Hispanic, reflecting the demographic prevalence of the White population in Arkansas. In 2018 Whites comprised 79 percent of the total population of Arkansas and, as the data above show, represented over 50 percent of the homeless population. African American and Hispanic populations also show percentages reflective of their concentrations in the overall population of Arkansas, though at about twice the percentage. In 2018, African Americans were 16 percent of the total population and Hispanics were 7 percent. The PIT data showed African Americans represented 33 percent of the homeless population.

The Point-in-time data show that about 52 percent of homeless persons in Arkansas were unsheltered. It is generally assumed by service providers in Arkansas that the majority of unsheltered homeless persons are unsheltered by choice, preferring to live uncontrolled by service providers. These individuals are primarily single, chronic homeless persons, many with substance and/or mental problems.

While the data provided in the 2019 Point-in-time survey did not provide sufficient information to draw specific conclusions about the nature and extent of homelessness for the various categories of households and individuals detailed in the table above, the data do show significant numbers of households and individuals in need of shelter and supportive services in Arkansas. A large portion of the population of homeless persons are unsheltered, typically reflecting individual choice as to the housing preferences chronic homeless individuals who prefer to live in unregulated environments and often deal with substance and/or mental problems.

Economic Impacts & Business Unmet Needs

Arkansas's economy is equally as diverse as its geography. Over the past fifty years, Arkansas's economy has become even more diversified, moving from being predominantly agricultural to include manufacturing, advanced manufacturing, information technology and service businesses. On any given day in Arkansas, we're curating the world's largest private database and operating one of the nation's largest truckload carriers, while commanding the world's dominant retail empire. Home to six Fortune 500 companies and more than 141 international corporations, Arkansas is an industry melting pot from which one success builds on another.

Agriculture

In December 2019, the University of Arkansas Agriculture Cooperative Extension Service reported a \$347M decline in total value (output) of agriculture products due to the 2019 Flood Event:

The Arkansas Department of Agriculture reported it would affect the state economy totaling \$142M with \$75M in labor costs (loss of estimated 1,150 jobs). The Flood Event would prevent Arkansas Farmers from planting:

- 327,732 acres of corn
- 38,348 acres of cotton
- 511,729 acres of rice
- 187,800 acres of wheat

Economic Resilience

Arkansas's diverse industrial base provides an ample supply of experienced manufacturing workers. The manufacturing sector accounts for 13% of the state's jobs. Throughout the years, the sector has shifted from

agriculture-based to light manufacturing to more sophisticated processes and products such as advanced food packaging, transportation equipment, and primary and fabricated metals.

Estimated Economic Revitalization Unmet Need

The flood caused commercial property damage and resulted in short- and long-term profit losses. Based on data provided by SBA, only business owners in Jefferson, Perry, Pope, and Sebastian Counties received monetary claims for damage to their businesses' real and personal property. In total, SBA approved \$716,200 in business loan applications as of March 13, 2020. Following is a breakdown of businesses in areas most affected by the floods that were approved for SBA loans and the funding amount. The State has continued to engage businesses in the community areas most affected by the 2019 floods to determine if any additional unmet or unreported damage occurred to local businesses or to economic development projects in the affected community areas.

The AEDC Grants Division used SBA and the HUD allocation methodology information to determine unmet needs in the Economic Revitalization Category.

The Small Business Administration (SBA) makes low-cost disaster loans available to qualified small businesses. The SBA defines small business as a "business with a maximum of between 250 and 1,500 employees, depending upon the industry. They're privately owned corporations, partnerships, or sole proprietorships that have less revenue than larger businesses."⁴⁸ According to the SBA's business and economic injury loss data, 66 businesses across the state applied for SBA business loans after the 2019 disasters. Among the 66, seven of these applications came from within the MID. Of the businesses that applied for assistance, nine were approved for loans, totaling \$716,200.

⁴⁸ Small Business Administration, 2020. Size Standards. Retrieved at <https://www.sba.gov/federal-contracting/contracting-guide/size-standards>

SBA Disaster Statistics (Issued/Received/Loans Approved) for

AR #15982 as of 03/13/2020

County	Business Loan Applications Received	Business Loan Applications Approved	Dollars Approved
Arkansas	2	0	\$0
Conway	1	0	\$0
Crawford	2	0	\$0
Desha	2	0	\$0
Faulkner	7	0	\$0
Jefferson	6	1	\$25,000
Lincoln	1	0	\$0
Logan	2	0	\$0
Perry	1	1	\$183,000
Pope	1	1	\$183,000
Pulaski	13	2	\$25,500
Sebastian	20	3	\$327,000
Yell	2	0	\$0
Totals	66	9	\$716,200

HUD's Method for estimating serious unmet economic revitalization needs

Based on SBA disaster loans to businesses using data as of November 14, 2019, HUD calculates the median real estate and content loss by the following damage categories for each state:

- Category 1: real estate + content loss = below \$12,000
- Category 2: real estate + content loss = \$12,000–\$29,999
- Category 3: real estate + content loss = \$30,000–\$64,999
- Category 4: real estate + content loss = \$65,000–\$149,999
- Category 5: real estate + content loss = \$150,000 and above

For properties with real estate and content loss of \$30,000 or more, HUD calculates the estimated amount of unmet needs for small businesses by multiplying the median damage estimates for the categories above by the number of small businesses denied an SBA loan, including those denied a loan prior to inspection due to inadequate credit or income (or a decision had not been made), under the assumption that damage among those denied at pre-inspection have the same distribution of damage as those denied after inspection.

2019 Disasters – Serious Unmet Business Need (Data 1/15/2019)

Grantee	Estimated Serious Unmet Business Needs	Applicants Inspected with serious damage and denied or still in processing	Multiplier for pre-inspection denial due to credit or income	Estimated Applicants with Serious Unmet Needs (Inspected and Uninspected)
Arkansas	\$2,725,761	10	1.94	19

The combination of these three sources makes up the estimated unmet needs in the three categories of Housing, Infrastructure, and Economic Revitalization.

Arkansas Disaster Number 4441	HOUSING	INFRASTRUCTURE	ECONOMIC REVITALIZATION
ESTIMATED UNMET NEED	\$7,959,073	\$7,781,994	\$2,725,761

Planning Needs

Some demand may exist for resiliency/mitigation investments, which could be specifically addressed via CDBG-DR Planning activities, however, due to the availability of COVID-19 funds being made available for this purpose, limited CDBG-DR funds are not being prioritized for disaster resiliency planning, except to provide funds for Action Plan and Action Plan Amendments, should it be necessary.

Of particular relevance, Hazard Mitigation Plans (HMPs) at either the county or city level seek to document past events, past damages, and address proactive measures to improve the community’s response to an event and efforts to have a more resilient community. Part of addressing hazards and risks in an area is understanding and planning in advance as best as possible to be prepared to minimize damage and loss of life. Often one of the tools for communities to fully understand their risks and how they plan to address them when they occur is to prepare a Hazard Mitigation Plan or HMP. Those communities that lack an HMP, have an outdated plan, or expired plan should consider the benefits of having both an HMP and Emergency Operation Plan (EOP) given natural events are a part of living in Arkansas but how we respond and plan for these events can help minimize loss of life and property. Funding for working on HMPs can come from FEMA on an annual cycle basis. In many cases, counties and communities are eager to create or update their HMPs however lack funding for technical expertise in preparing the plan. Additionally, coordination with FEMA also can be a perceived or real barrier to final adoption of a HMP. Despite this, there are general principles that are covered in an HMP that are relevant for communities to employ related to creating safe, appropriate, and sustainable housing in the state.

Although no CDBG-DR funds are being made available for unmet planning needs at this level, the State will continue to collect and analyze data in connection with funding under the CDBG-DR Program. Should specific CDBG-DR categorical funding allocations need to be revised to meet any newly defined unmet needs, AEDC has a defined CDBG-DR amendment process in place to accomplish these necessary revisions, which is fully addressed within this CDBG-DR Action Plan.

Public Services Needs

The primary focus of CDBG DR funds is to address the unmet housing recovery need. However, CDBG-DR funds may be used to fund public services which complement the housing need. Public services include activities which provide a benefit to employment, health, drug abuse, education, fair housing counseling, energy conservation, and certain welfare activities. The Housing and Community Development Act of 1974, as amended (HCDA) permits the use of CDBG funds for the purpose of public services under HCDA 105(a)(8). In accordance with HCDA 105(a)(8), no more than 15 percent of the allocation will be directed to the provision of public service.

Based on current unmet need assessment priorities combined with the current post disaster time lapse, public services are not a CDBG-DR priority at this time. As identified earlier, the initial disaster response from federal, state, non-profit and volunteer organizations seem to have addressed these issues and it is not identified as a priority need at this time. Should sufficient eligible requests arise later in the CDBG-DR Program or be identified through the CDBG-DR application process, AEDC will consider amending the CDBG-DR Action Plan as appropriate provided adequate funding is available.

Resiliency Needs Assessment

Resiliency is considered a key component under the State's CDBG-DR Action Plan. As noted, resiliency is not seen as a single independent CDBG-DR activity but rather a sub-component of the eligible CDBG-DR activities. Building back better and creating resilient housing and infrastructure is important part of any eligible CDBG-DR activity. Resiliency/mitigation can represent a wide range of unmet need encompassing numerous types of activities. For example, resiliency/mitigation activities can include the clearance/demolition of houses in identified floodplain areas. The State's needs assessment also indicates an unmet need for repairs related to damaged drainage systems for which resiliency measures will also play a significant role. As applicable, resiliency is to be considered in conjunction with all CDBG-DR activities.

When addressing the intersection between housing needs and disaster resiliency the major areas of overlap is planning by location (proximity to risk, likelihood of threat and impact) and methods to avoid and/or recover after an event. Of the typical hazards addressed within an HMP, the threats that are most connected to housing include:

- Earthquake
- Flood
- Hailstorm, High winds, Winter Storm, Extreme Heat
- Wildfire
- Tornado

This Action Plan will use the serious unmet housing need estimate due to lack of additional SBA details at the time of plan development, but does not allocate funding for all of these needs due to a subsequent injection of financial support for the private sector (COVID-19 relief). Upon preliminary review of applications for COVID-19 related funding, it was apparent that the economic needs attributed to that event, along with available economic recovery resources, were much more significant than those attributed to the 2019 disasters. Furthermore, these mitigating factors make it increasingly difficult to draw the necessary nexus between needs and the 2019 disaster. See the Introduction section of this Action Plan for further discussion of how funds are being prioritized in the wake of COVID-19.

Federal Assistance Provided

Various funding streams are available to assist with the recovery from DR-4441. These funding sources range from local to federal assistance with varying degrees of allowable uses and amounts. Communities should assess all available sources to determine the viability of each source and their capacity to administer the funds appropriately.

Federal Emergency Management Agency (FEMA)

The presidential declaration for DR-4420 enabled FEMA to allocate funding for immediate emergency recovery needs in Arkansas. With the declaration, IA and PA was made available to supplement local recovery efforts in the designated counties. Designated counties (areas included in disaster declaration as sustaining damage) are eligible for one or more of the following types of assistance:

- FEMA Individuals and Households Program (IHP): Through IHP, FEMA provides IA directly to individuals and households, as well as state, local, and tribal territory government to support individual survivors. For this declaration, assistance available through the IHP program included: Federal IHP Housing Assistance and Other Needs Assistance (ONA).
- FEMA PA Emergency Work Assistance (Categories A and B): FEMA is authorized to provide PA funding for Emergency Work, including emergency protective measures and debris removal. Emergency Work is that which must be done immediately to save lives, protect public health and safety, protect improved property, or eliminate or lessen an immediate threat of additional damage.
- FEMA PA Permanent Work Assistance (Categories C through G): Permanent Work is work required to restore a facility to its pre-disaster design (size and capacity) and function in accordance with applicable codes and standards.

The table below represents the final awards for each category of funding available to eligible counties in Arkansas.

FEMA Approved Financial Assistance

Category	FEMA Dollars Approved (as of 03/2020)		
	Housing Assistance (HA)	Other Needs Assistance (ONA)	Total
Individuals and Households Programs	\$8,443,221.52	\$556,491.94	\$8,999,713.46
Public Assistance Grants	Emergency Work - Category A-B	Permanent Work – Categories C-G	Total
	\$10,262,898.16	\$23,345,992.69	\$33,608,890.85 ⁴⁹

Individuals and Households Program

IHP assistance provides financial help and direct services to eligible individuals and households who have uninsured or underinsured necessary expenses and serious needs. IHP assistance is not a substitute for

⁴⁹ Dollars obligated will be made available to the state following FEMA review and approval

insurance and cannot compensate for all losses caused by a disaster; it is intended to meet basic needs and supplement disaster recovery efforts.

IHP assistance is limited to 18 months following the date of the disaster declaration. The period of assistance begins at the date of the presidential declaration and not the date on which the disaster is designated for IA. Disaster declaration DR-4441 was issued on June 8, 2019 and, as of the date of this report, assistance for the State of Arkansas under DR-4420 is slated to end December 8, 2020.

Public Assistance: Emergency and Permanent Work

Eligibility for public assistance is based on four factors: applicant, facility, work, and cost.

- Applicant: must be a state, territory, tribe, local government, or nonprofit organization.
- Facility: must be a building, public works, system, equipment, or natural feature.
- Work: categorized as either emergency or permanent. The work must be required as a result of the declared incident, located within the designated disaster area, and the legal responsibility of the applicant.
- Cost: funding must be tied directly to eligible work and be adequately documented, authorized, necessary and reasonable. Eligible costs include labor, equipment, materials, contract work, as well as direct and indirect administrative costs.⁵⁰

FEMA evaluates the estimated cost of federal and non-federal public assistance against the statewide population to give some measure of the per capita impact within the state. FEMA uses a figure of \$1 per capita, which is adjusted annually based on the Consumer Price Index for All Urban Consumers, as an indicator that the disaster is of such size that it might warrant federal assistance. For a jurisdiction to qualify for a presidential disaster declaration, the estimated cost of damage must meet or exceed \$1 million in public assistance damage per disaster.⁵¹

FEMA also examines the reported damage at the county and local government level because at times there are extraordinary concentrations of damage that might warrant federal assistance even if the statewide per capita is not met. This is particularly true where critical facilities are involved or where localized per capita impacts might be extremely high.

Counties deemed ineligible for PA may still have sustained damage, but it was not severe enough to include that county in the declaration based on the pre-determined threshold.

Hazard Mitigation Assistance

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. Based on the estimated funding provided through FEMA IHP and PA, currently, the state understands that \$55 million is expected in the next six months; however, the total expected amount of funding and delivery time is unknown.

⁵⁰ Federal Emergency Management Agency, 2020. *Public Assistance: Local, State, Tribal, Private Nonprofit*. Retrieved at: <http://www.fema.gov/public-assistance-local-state-tribal-and-non-profit>

⁵¹ Per 44 CFR 206.48

Flood Mitigation Assistance (FMA)

The Flood Mitigation Assistance (FMA) grant program is funded by FEMA and administered through a partnership with the Natural Resources Division (NRD), Arkansas Department of Agriculture. The NRD has the authority and responsibility for reviewing FMA Program subapplications, recommending technically feasible and cost effective subapplications to FEMA and providing pass-thru funding for FEMA approved and awarded project subgrants to eligible subapplicants. NRD has managed the FMA program since 2012. The FMA program is housed within the Floodplain Management Section (FMS) of NRD, the FMS has a full staff of four personnel, which includes the FMA Grant Program Coordinator and the State NFIP Coordinator.

Community Development Block Grant - Disaster Recovery (CDBG-DR)

Public Law 116-20 appropriated CDBG-DR funds for the 2019 disaster with HUD allocating \$8.94 million to Arkansas in response to damage caused by the Arkansas Severe Storms and Flooding (DR-4441). The CDBG-DR allocations are based on the sum of the following factors:

- Repair estimates for seriously damaged owner-occupied units without insurance (with some exceptions) in the MID areas after FEMA and SBA repair grants or loans are applied;
- Repair estimates for seriously damaged renter-occupied units with very low-income renters in the MID areas;
- Repair and content loss estimates for small businesses with serious damage denied by SBA; and
- The estimated local cost share for Public Assistance Categories C to G.

Grantees are required to spend no less than 80% of the total allocation on the MID designated counties and zip codes. The below shows the total amount required to be spent in the MID counties on housing and infrastructure needs and the balance to be spent in the remaining counties. Administration and planning will come out of these amounts.

Arkansas HUD CDBG-DR Allocation for Unmet Needs⁵²

	Allocation
Allocation Required for MID Counties <i>(80% of Total Allocation)</i>	\$7,152,000
Balance for Remaining Counties	\$1,788,000
Total Allocation	\$8,940,000

Federal Highway Administration Emergency Relief

Federal Highway Administration (FHWA) classifies urban and rural roadways by road function. Each function class is based on the type of service the road provides to the motoring public, and the designation is used for data and planning purposes.⁵³ Recovery of road and bridge infrastructure is dependent on the type of road or bridge damaged. The FHWA certified roads are potentially eligible for Federal Highway Administration

⁵² Allocations, Common Application, Waivers, and Alternative Requirements for Disaster Community Development Block Grant Disaster Recovery Grantees, 85 Fed. Reg. 17 (January 27, 2020). *Federal Register: The Daily Journal of the United States*. Web. 27 January 2020.

⁵³ Federal Highway Administration, 2000. Road Functions Classification. Retrieved at: https://safety.fhwa.dot.gov/speedmgmt/data_facts/docs/rd_func_class_1_42.pdf

Emergency Relief (FHWA ER) funding, while all other roads are potentially eligible for FEMA PA funding.⁵⁴ A summary of damage and funding available to support recovery of FHWA is summarized in Table 2-24. FEMA's PA Program may pay for repairs to roads not covered by the FHWA ER program. Figure 2-23 shows the distribution of FHWA roads in the state.

An example of FHWA funds provided in Arkansas include \$1 million to be used on SH-41 and SH-71 in Franklin County to repair landslide damage and to protect piers and bridge abutments along the Red River. The funds will also help resurface damaged roads and repair embankments.

US Army Corps of Engineers Rehabilitation and Inspection Program

The USACE RIP supports community recovery by providing funding for flood control and restoration projects. This program was created to ensure flood control projects continue to protect communities and if they are damaged, restored immediately. The extent of the damage to flood control and restoration projects from the 2019 disasters supported by the USACE RIP has continued to evolve throughout the recovery process.

Damage cost was unaccounted for in the unmet needs calculation by HUD and may reflect a potential recovery gap not reflected in the UNA.

United States Department of Agriculture Natural Resources Conservation Service Emergency Watershed Protection Program

The United States Department of Agriculture (USDA) NRCS EWPP provides recovery funding to local communities to support long-term restoration of infrastructure and the environment. Cities, counties, towns, conservation districts, and federally recognized tribes are eligible. The extent of the damage to flood control projects from the 2019 disasters supported by the USDA NRCS EWPP has continued to evolve throughout the recovery process. Depending on the project, NRCS will fund between 75% and 90%, with the local cost-share between 10% and 25%.

This cost was unaccounted for in the unmet needs calculation by HUD and may reflect a potential recovery gap not reflected in the UNA.

⁵⁴ United States Department of Transportation Federal Highway Administration, 2019. *Special Federal-aid Funding: Emergency Relief Program*. Retrieved at: <https://www.fhwa.dot.gov/programadmin/erelief.cfm>

Section Seven - Method of Distribution & Program Priorities

Method of Distribution

As the UNA and HUD’s early assessments both indicate, DR-4441 generated similar impacts to housing and infrastructure. To address the infrastructure and mitigation needs within the state, the state is prioritizing CDBG-DR funding under DR-4441 for housing and infrastructure recovery. This decision was also informed by subsequent allocations of funding under the CARES Act, which made additional funds available for housing support and economic recovery. Further still, the realized and forecasted revenue loss across municipal and state governments are likely to prove challenging for municipalities struggling to contribute to local match requirements. CDBG-DR funds will be distributed in accordance with the Program Budget below, which is described in greater detail in Section Seven – Program Design.

Program Budget

The table below presents the details of Arkansas’s CDBG-DR program. According to the program budget, 90% of the CDBG-DR program funding will be distributed through the housing and infrastructure programs. This program budget accounts for the programmatic administration and planning requirements, including the provisions that five percent of the grant total (plus program income) may be used for administrative costs and 15% of the grant total can be used for planning.⁵⁵ Eighty percent of the outlined budget will be allocated to the MID areas per the applicable Federal Register Notices.

Program Budget

Program Category	Program Name	Allocation	Percentage of Total Budget
Infrastructure Programs	<i>Infrastructure and Public Facilities</i>	\$2,500,000	28%
	Total Infrastructure and Public Facilities Program	\$2,500,000	28%
Housing Programs	<i>Buyouts & Acquisitions: HMGP Match Program</i>	\$1,250,000	14%
	<i>Buyouts & Acquisitions: FMA Match Program</i>	\$600,000	7%
	<i>Multi-Family Rental Recovery Program</i>	\$3,693,000	41%
	Total Housing Assistance Program	\$5,543,000	62%
Planning and Administration	Planning⁵⁶	\$450,000	5%
	Administration	\$447,000	5%
Total CDBG-DR Program Funding		\$8,940,000	

⁵⁵ 83 Fed. Reg. 83 (February 9, 2018).

⁵⁶ Planning activities must benefit the HUD-identified most impacted and distressed areas to be counted towards the State’s 80 percent expenditure requirement

Accessing Disaster Funds

Arkansas will use a Method of Distribution that allows Eligible Cities and Counties to apply for funds from the CDBG-DR Program under a series of Program Categories which are laid out over a Program Year and based upon either calendar deadline dates, per Category, or an open-cycle (first-come/highest rated) process.

Federal Priority Funding – Distribution Ratios

80% of Funds

HUD has provided, by rule, that all funds shall first serve unmet needs in housing with 80 percent of the funds prioritized in the following two counties:

- Jefferson (County)
- Perry (County)

20% of Funds

And, the remaining 20% of the funds to the Counties with a presidential declaration under DR-4441 (see disaster declaration map).

Federal Priority Funding - Housing

HUD has also provided, by rule, that the unmet needs in the housing sector be addressed prior to entertaining any application for funds under the categories of Economic Revitalization or Infrastructure. When evaluating all applications, the AEDC Grants Division will evaluate and prioritize all infrastructure projects upon their effect on housing

NOTE: The State Grants Division Method of Distribution for funding under the category of Economic Revitalization will come as an amendment to this Action Plan, if applicable. That amendment will constitute a substantial change to this document and a publicized draft, notification and comment period will accompany the amendment, allowing and encouraging citizen input. The needs assessment data found in this document may be refreshed at that time. Distribution of funds under categories will take into consideration the most impacted communities and the unmet needs. The burden to prove that all housing unmet needs have been addressed is a requirement of the state, prior to accepting applications under other categories. Permission from HUD will be required, through acceptance and approval of the Action Plan amendment.

Eligible Applicants

City and County governments only within the 17 counties presidentially declared under DR-4441 (see map on p. 21 and p. 31).

Eligible Sub-Applicants/Sub-Recipients

City and county governments may choose to partner with eligible quasi-governmental agencies or non-profits.

Program Categories

Categories indicate the use of funds for a specific purpose. This Action Plan defines the categories of funds under Housing and Infrastructure. The categories define the specific purpose, the total funds allocated to the category, the application method for accessing funds, deadline dates for applications within the Category, the maximum amounts available per applicant and the maximums per beneficiary.

Program Year

The year beginning at the point in which the agreements are executed between HUD and the State of Arkansas. The program regulations provided that CDBG-DR funds are to be expended in six years.

Application and Guidelines

Each program Category will have an accompanying application form and guidelines. Cities and Counties may use to submit their requests to the AEDC Grants Division.

Program Priorities

Overall Requirements

- A. 80% of the total grant amount (\$7,152,000) must benefit the Most Impacted and Distressed (MID) areas determined by HUD to be Jefferson (71602) and Perry (72016) Counties. The remaining 20% of funds (\$1,788,000) will be available to benefit other declared counties.
- B. 70% of the total funds must benefit low- to moderate-income (LMI) persons (\$6,258,000)
- C. The national objectives of the CDBG program will guide development of activities to be funded through Arkansas's CDBG-DR program. To be funded, each activity and program needs to be eligible and tied to a specific national objective.⁵⁷ The national objectives include:

1. Benefit persons of low- and moderate-income;

This is the primary national objective in that at least 70% of the funding be expended for activities that benefit LMI populations.⁵⁸ Four approaches may be utilized to meet this objective, each with their own requirements for the CDBG program. These categories include: Low- and Moderate-Income Area Benefit (LMA), Low- and Moderate-Income Limited Clientele (LMC), Low- and Moderate-Income Housing Activities (LMH), and Low- and Moderate-Income Job Creation or Retention Activities (LMJ).⁵⁹

2. Aid in the prevention or elimination of slums or blight; or,

This national objective benefits areas that are deteriorating by upgrading the physical environment. Meeting this objective is achieved by determining the extent of blight and physical conditions that contribute to it in the proposed area. There are two approaches, Slum Blight Area Basis (SBA) and Slum Blight Spot Basis (SBS) to demonstrate compliance with this national objective, each with its own requirements under the CDBG program.⁶⁰

3. Meet other urgent community development needs.

This objective alleviates emergency conditions and while its use is rare within the regular CDBG program, it does have utility in CDBG-DR. The criteria for the Urgent Need objective include existing conditions pose an immediate threat to the health or welfare of the community, these conditions developed recently, and there is no alternative way for the project to be funded.⁶¹

- D. Programs must stem from an unmet recovery need not already addressed by other federal, state/local, nonprofit funds, or private insurance. Grantees will be required to document a connection to the disaster.
- E. The priorities of the State shall be to :
 - Address needs of the most vulnerable populations.

⁵⁷ Meeting a national objective is a requirement for a program activity to be funded according to 42 USC 5304(b)(3).

⁵⁸ 42 USC 5301(c)

⁵⁹ 24 CFR 570.483

⁶⁰ Ibid.

⁶¹ Ibid.

- Address the needs of low- to moderate income persons and families.
- Mitigate risk and hazards due potentially related to future natural disasters.

Additional Priorities

Prioritizing Vulnerable Populations

In addition to the objective of benefiting LMI persons, a priority for the plan will be to support recovery for vulnerable populations. Vulnerability is a fluid term, which, depending on the vulnerability and hazard, can refer to a broad spectrum of the population with unique needs in the context of a disaster. This Action Plan addresses:

- Housing (transitional, supportive, and permanent) for homeless or at-risk individuals;\
- Prevention of low-income households (particularly below 30% AMI) from becoming homeless; and
- Needs of populations requiring supportive housing.

To support the prioritization of vulnerable populations, Arkansas will maintain an awareness of disparities in access to opportunities, including:

- Poverty areas;
- School proficiency;
- Labor market engagement;
- Jobs proximity;
- Transportation costs;
- Transit trips index; and
- Environmental health indicator.⁶²

Additionally, this also includes maintaining an awareness of potential housing problems, including:

- Lack of complete plumbing or kitchen facilities;
- Severe overcrowding; and
- Housing cost burden.⁶³

The priority of prioritizing vulnerable populations aligns closely with the HUD Fair Housing requirement.

⁶² AEDC, 2020. State of Arkansas 2020 Analysis of Impediments to Fair Housing Choice. Retrieved at: https://www.arkansasedc.com/docs/default-source/default-document-library/final-state-of-arkansas-analysis-of-impediments-6-4-2020.pdf?sfvrsn=309d982b_2

⁶³ Ibid.

Enhancing Resilience

Arkansas's CDBG-DR program aims to invest in programs to increase strength and resilience of the state. Overall, funding allocated under Arkansas's CDBG-DR program will incorporate concepts of resilience, including preparedness, mitigation, and sustainability in order to enhance the state's resilience, build back stronger communities, and prepare for future conditions. There are multiple benefits for allocating funding with the concepts of resilience in mind, including fiscal responsibility and protection of Arkansas's communities. Specifically, this includes consideration of hazard risk (e.g., flood risk) in the determination of resource allocation during the planning phase. This also includes implementation of policy measures such as resilient, green building, and infrastructure codes and standards that address durability, utility efficiency, public health, and hazard risk. Additionally, this will include encouraging the rebuilding high quality, healthy, and sustainable construction.

Leveraging Recovery Programs

The Arkansas CDBG-DR program will not work in isolation. The FEMA HMGP administered by ADEM, and the FMA program administered by NRD describe additional disaster recovery-related activities that are ongoing concurrent to the development of the Arkansas CDBG-DR Action Plan and program implementation. A priority of the program will be to leverage funds with supplementary funding sources (at the federal, regional, state, local, private, or non-profit level) in order to maximize efficiency and efficacy of recovery efforts. Moreover, consideration of ongoing recovery funds and activities will streamline the recovery process, support comprehensive recovery, and limit redundancy of activities.

Section Eight– Program Design & Connection to Unmet Need

Public Facilities and Public Improvements

Neither the statute nor the regulations define the terms “public facilities” or “public improvements.” However, under the core CDBG program, these terms are broadly interpreted to include all improvements and facilities that are either publicly owned or that are traditionally provided by the government, or owned by a nonprofit, and operated so as to be open to the general public. This would include neighborhood facilities, firehouses, public schools, and libraries. Public improvements include streets, sidewalks, curbs and gutters, parks, playgrounds, water and sewer lines, flood and drainage improvements, parking lots, and utility lines. With one notable exception, this category does not authorize expenditures for “buildings for the general conduct of government.” The exception is that funds may be used to remove from such buildings material and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons. Reference: §570.207(a)(1) As defined in the statute, the term “buildings for the general conduct of government” means “city halls, county administrative buildings, State capitol or office buildings or other facilities in which the legislative, judicial or general administrative affairs of government are conducted.” The term includes court houses. It does not include buildings which are used to deliver services to the public such as police stations or fire stations.

The State has identified several impacted areas that have proposed infrastructure related projects with unmet needs due mostly in part to flooding and road deterioration brought about from the disaster and the debris clean- up following the disaster. The State’s allocation for infrastructure projects will focus on unmet needs that are urgent in nature and can be immediately addressed, including, but not limited to drainage repairs and critical road repairs.

The following section introduces Arkansas’s CDBG-DR Infrastructure and Public Facilities Program. Consistent with the data HUD used in determining Arkansas’s allocation amount and the findings of the Unmet Needs Assessment (Section Four), Arkansas proposes investing a considerable portion of its allocation toward unmet infrastructure and public facility needs. Furthermore, it is apparent that the infrastructure damage sustained in the disaster had an immediate and, in many cases, ongoing impact on access to housing in many communities.

Infrastructure and Public Facilities Program

The 2019 disasters, which wreaked havoc on Arkansas, signaled a new reality of extreme weather events that occur with increased frequency and destructive power. They also signaled the need to rebuild communities in a way that will mitigate against future risk and increase resilience. The Infrastructure and Public Facilities Program is focused on designing and implementing projects that will strengthen and build more resilient communities driven by the needs, opportunities and strategies to mitigate future impacts throughout the state. Aligned with the CDBG-DR program priorities (Section Six) the state will work to identify projects that:

- Emphasize green infrastructure,⁶⁴
- Increase capacity for resilience by upgrading stormwater and drainage infrastructure,
- Demonstrate a tie to housing recovery,
- Align with local planning efforts, and
- Align with needs outlined in the UNA (Section Three)

AEDC and its partners have identified the following categories with unmet needs:

- **Roads and Bridges:** foundational to transportation in Arkansas, enables residents to access jobs, schools, food and other daily supplies, medical services, and social networks.
- **Water Control Facilities:** performs critical flood control, irrigation, navigation, erosion control, and critical to the safety and economy of Arkansas.
- **Buildings and Equipment:** support the wellbeing of the community, provides government services, fosters arts and culture, supports the health and safety of the community, and cultivates community education.
- **Utilities:** includes power service, water service, and sewer service; the lifelines to Arkansas’s communities.
- **Parks and Recreational Facilities:** core component of restoring the quality of life in communities throughout the state.

The above categories and gaps identified in this Action Plan will assist in identifying projects for funding through the Infrastructure and Public Facilities Program.

Connection to Unmet Needs

The 2019 floods caused severe damage to the state’s infrastructure systems and created cascading impacts across many sectors. Infrastructure damage 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 report, estimated repair costs to infrastructure damage submitted to FEMA total approximately \$50 million, but the number is thought to be significantly higher, as full data on flood control works is not currently available.

Eligible Activities

For a project to be eligible, Applicants must demonstrate all of the following:

- The damage and need to implement the project was directly impacted by the disaster (DR-4441) (i.e., “tie-back”),

⁶⁴ Green infrastructure is defined as "...the range of measures that use plant or soil systems, permeable pavement or other permeable surfaces or substrates, stormwater harvest and reuse, or landscaping to store, infiltrate, or evapotranspire stormwater and reduce flows to sewer systems or to surface waters" (Section 502 of the Clean Water Act).

- An unmet recovery need remains,
- Meeting of a CDBG National Objective
- Other avenues for funding have been exhausted, and
- The project is critical to enhancing housing recovery.

Generally, eligible activities will include:

- The acquisition, construction, reconstruction, rehabilitation, or installation of public facilities and improvements are eligible activities under CDBG and can be carried out by a grantee, sub-recipient, or other nonprofit. Public facilities may only be owned by these types of entities. Note: If the assisted facility is owned by a nonprofit, core CDBG regulations stipulate that the facility must be open to the public during normal working hours.
- Eligible types of facilities and improvements include: – Infrastructure improvements (construction or installation) including, but not limited to streets, curbs, and water and sewer lines; – Neighborhood facilities including, but not limited to public schools, libraries, recreational facilities, parks, playgrounds; and – Facilities for persons with special needs such as facilities for the homeless or domestic violence shelters, nursing homes, or group homes for the disabled.
- Eligible costs associated with eligible activities may include: Handicapped accessibility improvements (including improvements to buildings used for general conduct of government)

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).
- 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.

Eligibility Threshold Requirements

- Pursuant to the Federal Register Notice, the requested activity must relate to direct physical damage inflicted to the infrastructure as a result of the qualifying disaster;
- Unmet Needs – The funding is available solely to address unmet needs;
- Eligible/Fundable – each property must be determined to be an eligible and fundable activity under the Housing and Community Development Act as modified by the Federal Register Notice and all other applicable regulations and guidance;
- Impacted and Distressed Area – each property must be located within a disaster eligible area covered under DR 4441;

- Readiness to Proceed – each project must be capable of being undertaken (design or construction) immediately to provide outcomes to intended beneficiaries effected by the disaster;
- Feasibility – each project must be found to be financially feasible, sustainable and likely to contribute to the long-term recovery of disaster impacted communities;
- Consistency with Action Plan – each project must be reflective of the goals, priorities and requirements of the State’s CDBG-DR Action Plan;
- No portion of the funding may be used to reimburse the applicant for costs incurred prior to the 4441 Disaster Declaration.

Funding Priorities

- Housing Priority – Application scoring priority will be given to disaster recovery projects focused on housing related identified in the Federal Register Notice Under the Federal Register Notice / Vol. 85, No. 17 / Monday, January 27, 2020, “Pursuant to the Prior Notices, each grantee receiving an allocation for a 2018 or 2019 disaster is required to primarily consider and address its unmet housing recovery needs. These grantees may, however, propose the use of funds for unmet economic revitalization and infrastructure needs unrelated to the grantee’s unmet housing needs if the grantee demonstrates in its needs assessment that there is no remaining unmet housing need or that the remaining unmet housing need will be addressed by other sources of funds.” NOTE: Under certain and limited circumstances, infrastructure that directly supports housing may qualify under this category. Example: An infrastructure project involving rebuilding a flood damaged road would qualify as directly supporting housing if the damaged road provided sole access to the housing. An infrastructure project involving rebuilding a road that is just one of several roads providing access to the housing would NOT qualify as directly supporting housing and therefore would not qualify to receive housing priority points.
- LMI Benefit – Application scoring priority will be given to projects that benefit LMI persons and/or are located in LMI Areas (i.e. an area with household incomes at or below 80% of the area median income);
- Most Impact & Distressed (MID) Counties – Application scoring priority will be given to projects that enable the State to satisfy the federal requirement that at least 80% of the funding be spent in Jefferson and Perry Counties;
- Unmet Need – Projects must show the damage that still needs to be addressed (unmet need) and the mitigation/resiliency measures to be taken to prevent or lessen the impacts of a future related disaster;
- Projects that address conditions that threaten the health and safety of either the occupants or the public;
- Projects that contribute significantly to the long-term recovery and economic revitalization of the affected area;
- Projects undertaken on behalf of a beneficiary or sponsor that commits to contribute financially in

the repair, construction or mitigation of the project (this can be through private insurance, NFIP, FEMA, SBA, and/or other sources);

- Mitigation – cost effective resiliency and other activities designed to harden the property in order to minimize reoccurrence of storm damage whenever possible or to protect households from future disasters by providing safe rooms or storm shelters;
- Readiness to Proceed. Each project must be capable of being undertaken (design and construction) immediately 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.
- Under the core CDBG program, activities eligible under this category are broadly interpreted to include all improvements and facilities that are either publicly owned or that are traditionally provided by the government, or owned by a nonprofit, and operated to be open to the general public. Public facilities include neighborhood facilities, firehouses, public schools, and libraries.
- Public improvements may include streets, sidewalks, curbs and gutters, parks, playgrounds, water and sewer lines, public flood and drainage improvements, parking lots, and utility lines.
- Typical CDBG-DR funded activities in this category include the repair, replacement, or relocation of damaged public facilities or public improvements. If applicable, infrastructure projects located in a floodplain must meet the requirements of 24 CFR Part 55 “Floodplain Management and Protection of Wetlands.”
- The construction of new infrastructure may be CDBG-DR eligible provided that the grantee can demonstrate how the activity will meet one of the statutory purposes of the funds, such as restoration of infrastructure, long-term recovery, or economic development. As previously stated, all CDBG DR disaster recovery activities must clearly address an impact of the disaster for which funding was appropriated. Given the standard CDBG requirements, this means each activity must: (1) be CDBG eligible (or receive a waiver), (2) meet a national objective, and (3) address a direct or indirect impact from the disaster in a presidentially declared county.
- New infrastructure may be CDBG eligible as a public facility or improvement under Section 105(a)(2) of the HCD Act. In addition, it may be able to meet a national objective (e.g., benefit to an LMI area).
- However, the critical issue becomes illustrating the connection between the construction of the infrastructure and the applicable disaster. Often, the new construction of infrastructure can easily be tied to mitigation (i.e. the prevention of future damage) but it must demonstrate a recovery need whereby mitigation alone is not the only unmet need served.

Eligible Area

Projects must be located within the DR-4441 FEMA declared areas.

Infrastructure Local Match

Many federal programs require local governments to pay a share of the cost of a project, called the local share

or match. In the aftermath of a disaster, the match requirements can be burdensome on grant recipients with limited resources who have been overwhelmed by emergency and recovery work and further weakened by lost government revenues. The PA local match program and HMGP match programs, under the Infrastructure and Public Facilities program, will help alleviate this burden through utilization of CDBG-DR funding.

As AEDC reviews projects for funding under the PA and HMGP local match programs, the following criteria will be applied to assist in the selecting of projects:

- Projects that support local housing recovery needs will be prioritized;
- Projects that meet the LMI national objective will be prioritized over projects that meet the Urgent Need national objective;
- Projects located in MID areas will be prioritized over projects outside the MID;
- Projects that are complete, underway, or shovel ready will be prioritized;
- Projects that represent a significant proportion of the local entity’s non-federal cost share will be prioritized.

AEDC has evaluated current FEMA PA projects to identify those that will directly impact LMI communities. It is the intent of AEDC to continue to vet the LMI projects to further evaluate their eligibility under CDBG-DR.

The portion of funds applied as match for any project must meet CDBG-DR eligibility requirements in addition to the requirements of the federal and state agency administering the project. CDBG-DR funds may be used to fund improvements to PA or HMGP funded projects that demonstrate an unmet recovery need remains, that other avenues for funding have been exhausted, and that the project is critical to restoring and making the community more resilient. The local match is determined by the extent of damage as a result of the disaster (DR-4441). As per Table 5-1, the federal/local cost-share ratio is 75% in federal funds and 25% state or local funds. Under FEMA regulations, HMGP and FMA is a 75-25 cost share program.

Arkansas DR-4420 Match Requirements for Federal Programs

Federal Agency	FEMA Section	Category of Work	Program	Type of Work	Federal Cost Share	Local Cost Share
FEMA	Section 407	A	PA: Debris Removal	Emergency	75%	25%
FEMA	Section 403	B	PA: Emergency Protective Measures	Emergency	75%	25%
FEMA	Section 403	B	PA: Sheltering and Temporary Essential Power	Emergency	75%	25%

FEMA	Section 406	C-G	PA: Public Assistance and Mitigation	Permanent	75%	25%
FEMA	Section 428	C-G	PA: Public Assistance Alternative Procedures	Permanent	75%	25%
FEMA	N/A	N/A	PA: Direct Administrative Costs	N/A	75%	25%
FEMA	N/A	Z	PA: State Management Costs	N/A	100%	0%
FEMA	Section 404	N/A	HMGP	Mitigation	75%	25%
FHWA	N/A	N/A	Emergency Relief Program	Emergency Permanent	75%	25%
USACE and Other Federal	N/A	N/A	Mission Assignment	Permanent	75%	25% \$250,000 max. per project

As a result of the damage sustained in 2019 disasters, AEDC has allocated \$2,500,000 in CDBG-DR to administer and assist local entities with unmet infrastructure and public facilities, including the local match share (or any not eligible for FEMA assistance) associated with eligible projects under the FEMA PA categories C-G (permanent repair) to date in the impacted counties. These categories include:

- Category C: Roads and Bridges
- Category D: Water Control Facilities
- Category E: Buildings and Equipment
- Category F: Utilities
- Category G: Parks, Recreational Facilities, and Other Facilities

As part of its process for its programs, FEMA validates that projects are storm related and calculates the reduction for insurance, which helps reduce the duplication of benefit (DOB) issue. AEDC, through its review of projects and supporting documentation, will ensure that projects are CDBG-DR eligible and that DOB does not occur.

While the PA Program has many applicants across the state, AEDC is paying close attention to applicants who provide services to vulnerable populations and entities that provide in-kind services that benefit housing and community recovery. While these entities may not have large amounts of PA funding, they provide critical

resources to their communities. The below table summarizes the best available non-federal PA cost share for the MID areas.

Total PA Local Match for MID Counties, Categories C-G

Eligible Counties	Best Available Total Project Cost	Best Available Non-Federal Local Match (25%)
Conway	\$420,752	\$105,188
Crawford	\$1,164,116	\$291,029
Desha	\$924,457	\$231,114
Faulkner	\$896,521	\$224,130
Franklin	\$934,224	\$233,556
Jefferson	\$2,026,795	\$506,698
Perry	\$1,969,473	\$492,368
Pulaski	\$14,661,577	\$3,665,394
Searcy	\$940,747	\$235,186
Sebastian	\$6,035,132	\$1,508,783
Yell	\$920,445	\$230,111
Total	\$30,894,239	\$7,723,557

Administering Entities

Arkansas Economic Development Commission

AEDC will oversee all activities and expenditures in connection with the CDBG-DR funds. AEDC will ensure that the program meets all requirements, including but not limited to: ties to the disaster; eligible activities; national objectives; procurement regulations; and compliance and cross-cutting requirements (e.g., fair housing, labor standards, nondiscrimination, and environmental regulations).

AEDC staff will provide technical assistance to subrecipients to meet these requirements as needed. AEDC will

identify priority projects (formerly known as Project Worksheets) for match based on reporting on project obligation and draw status provided by the Arkansas Department of Emergency Management Agency (ADEM).

FEMA PA, and HMGP, which is sometimes initiated before CDBG-DR is awarded, will be reviewed by AEDC to determine, in consultation with HUD, what eligibility requirements remain. All projects must comply with applicable federal and state laws and regulations and effectively meet project goals.

Arkansas Department of Emergency Management

ADEM is responsible for processing and approving drawdown requests under the FEMA PA and HMGP programs requiring local cost shares. AEDC and ADEM will coordinate closely on the timing of draw requests, document sharing, and payment schedules to ensure eligible invoices are paid in a timely and compliant manner. ADEM is responsible for reporting on the status of project obligations and drawdowns to AEDC, so priority projects can be identified.

Arkansas Development Finance Authority

AEDC will work with ADFA to identify any current community development needs and opportunities that increase resilience and housing recovery throughout project evaluation.

Housing Activities

Housing unmet need is considered a top priority as delineated in the Federal Register Notice (Vol. 85, No. 17 / Monday, January 27, 2020), "Pursuant to the Prior Notices, each grantee receiving an allocation for a 2018 or 2019 disaster is required to primarily consider and address its unmet housing recovery needs. Housing unmet need is to be addressed first. Based on this along with the data and public outreach, AEDC has allocated a majority of CDBG-DR funding in support of eligible housing related activities. It should be noted that CDBG-DR application scoring priority will be given to disaster recovery projects focused on housing related identified in the Federal Register Notice in order to help to achieve this goal.

This housing component of the CDBG-DR Program will provide assistance in the form of grants to local governments benefitting homeowners that experienced damage to their homes identified in the eligible areas and timeframe established under DR 4441 and have remaining recovery needs, after accounting for other benefits received.

Housing Assistance Program

Purpose

The Housing Assistance Programs (HAP) established by the State will identify opportunities for public housing, affordable housing and housing for vulnerable populations and address the rehabilitation, reconstruction and replacement of affordable housing stock in the areas affected by the disaster. This includes any rental housing that is affordable to low- or moderate-income households.

The primary focus of the HAP is to provide relief for survivors affected by the disaster event, while complying with all CDBG-DR requirements, as well as addressing recognized impediments to fair housing choice as required under the Fair Housing Act. Various target populations are eligible to be served, including homeless, special needs, and other vulnerable populations.

CDBG-DR funds received by the state will be used in the recovery efforts from the 2019 Severe Storms and Flooding event for specific disaster-related purposes. The program will ensure close and ongoing coordination with service providers that work with vulnerable populations to ensure that any remaining or ongoing storm-related impact is brought the State's attention for a coordinated approach. In addition, any vulnerable populations brought to the State's attention who are not served under the housing recovery programs may be referred to specialized service providers for assistance. The State has set aside funds in this allocation to address needs for Vulnerable Populations. While the objectives below are not all-inclusive, this list highlights the direction of the program. All applications for housing activities should consider the following objectives:

- Primary residence located in the most impacted and distressed areas designated by HUD for 80% of the funds. The remaining 20% of the allocated funds provide for opportunities in federally declared counties.
- Grantees must address unmet housing recovery needs that resulted from a direct or indirect impact from the disaster.
- Only structures that serve as the primary household will be eligible. These structures must have been occupied at the time of the disaster.
- The Homeowner Assistance Program has eligibility requirements for rehabilitation in the floodplain. Only homeowners who either maintain flood insurance or have incomes under 120% of the Average Median Income may qualify for rehabilitation assistance. However, to receive assistance and remain in the floodplain, flood insurance must be maintained.

- As the intent is to move people out of areas that are prone to flooding or at a higher risk of flooding, there will be no rehabilitation conducted in the floodway, and no rental rehabilitation conducted inside the 100-year floodplain. Other housing alternatives may be available and sought.
- Priority will be given to vulnerable populations such as the homeless and at-risk of homelessness, disabled persons, elderly persons, and families with children, especially those with incomes below 30 percent of the area median.
- Grantees must determine when the cost of rehabilitation or reconstruction of a structure will not be cost-effective relative to other means of assistance, such as buyout of the property, or offering different housing alternatives.
- Program Design Standards emphasize high quality, durability, energy efficiency, sustainability and mold resistance. Grantees must comply with minimum standards established by the program or local code ordinance, whichever is stricter. Minimum standards include compliance with Housing Quality Standards (HQS). New housing construction, and reconstruction or rehabilitation meeting the substantial damage/improvement definition, must include compliance with one of the Green Standards outlined in the policies and procedures implementation manual. Grantees are also strongly encouraged to incorporate a Resilient Home Construction Standard, meaning that all construction meets an industry-recognized standard such as those set by the FORTIFIED Home standards. Rental units will also follow decent, safe, and sanitary housing quality standard requirements, and will have affordable rent that is no more than 30% of the household's adjusted gross income.
- Only owner-occupied rehabilitation may be allowed in the 100-year floodplain. CDBG-DR assistance provided for repairs of substantial damage, defined as over 50% damaged, must include elevation of the structure with the lowest floor, including the basement, at least two feet above the base flood elevation. Note: This elevation standard may be above the local ordinance but is a program requirement. The total cost for rehabilitation and elevation must be cost effective when compared to different housing alternatives.
- All Grantees and sub-grantees, and all program participants, must consent to a Duplication of Benefits review by signing the Duplication of Benefits Release Authorization form. In order to receive CDBG-DR assistance, a Duplication of Benefits review will be conducted to determine any previous disaster assistance received from any source, including insurance. Any previous assistance received for the same purpose as CDBG – DR funds must be deducted.

The HAP is intended to supplement other funds the owner received to repair or reconstruct the structure. The unmet housing needs of tenants, homeless and at-risk of homelessness persons, persons with disabilities, and Public Housing Authorities will also be addressed. Funded housing activities may include the rehabilitation of vacant housing units or construction of new housing units not damaged by the disaster, if activities clearly address a disaster related impact from being in a disaster-affected area. Additionally, Arkansas will award CDBG-DR funds to local units of government for voluntary residential buy-outs at pre-flood fair market value.

A CDBG-DR Policies & Procedures Manual as well as Application Guidelines for each program will be made available as a resource for CDBG-DR recipients in the administration of disaster recovery grants. It will provide guidance regarding the general requirements and checklists to ensure compliance with applicable laws and regulations. Grantees will be required to submit quarterly performance reports to AEDC during the life of the project.

Ineligible Activities

Ineligible activities identified in the Federal Register are the use of CDBG-DR for forced mortgage payoff, construction of dam/levee beyond original footprint, incentive payments to households that move to disaster-impacted floodplains, assistance to privately owned utilities, not prioritizing assistance to businesses that meet the definition of a small business, or assistance for second homes and activities identified in 24 CFR

570.207. All activities and uses authorized under Title I of the Housing and Community Development Act of 1974, allowed by waiver, or published in the Federal Register, are eligible.

Eligible use of CDBG-DR funds in a floodway are restricted to voluntary buy-outs.

AEDC will not limit any eligible activities beyond what is specifically excluded by HUD to allow communities as much flexibility as possible.

Housing Assistance Program Outline

The HAP consists of five main program delivery methods designed to address unmet housing needs:

1. Voluntary Local Buyout and Acquisition Program
 - A. Residential Buyout Program
 - B. Relocation Assistance
 - C. Tenant Relocation Assistance
 - D. HMGP Local Match Program
 - E. FMA Local Match Program
2. Affordable Rental Recovery
 - A. Multi-Family Housing

Applicants and Sub-Applicants

Only local governments may make application directly to the Housing Assistance Program.

Local governments may make applications “on-behalf of” eligible entities whereby the sub-applicant is provided the CDBG funds for their use to carry out the agreed upon, eligible activities. This is different than a local government receiving a CDBG grant and directly contracting or procuring for a service.

Eligible sub-applicants may be established and designated by choice of the local government, as a partner in a project, versus the local government procuring a contractor to deliver the work. The latter cannot be a sub-applicant and may not be “provided the CDBG funds for their use.”

Sub-applicants may be governmental agencies and private non-profits. Planning & Development Districts are examples of eligible sub-applicants, although local governments may work with the funding and partnering agencies directly.

Eligible sub-applicants may subcontract with other eligible non-profits.

Local governments may contract directly with a Planning and Development District for grant administration of projects. Local governments should also coordinate with HUD-certified housing counseling organizations to ensure that information and services are made available to both tenants and homeowners, depending upon the program.

State Priority Application Structure

Given the complexity of the work in the Voluntary Local Buyout and Acquisition Programs, along with the desire to complete a consistent and compliant HAP, the State will prioritize applications for assistance that use Planning and Development Districts for Voluntary Local Buyout and Acquisition.

80% of the available funds will be allocated to the HUD Most Impacted and Distressed areas, Jefferson and Perry

Counties.

For all housing assistance and buyout programs, the State's housing guidelines has established housing assistance maximums. Local governments may choose to adopt housing guidelines stricter than the State Program as long as like persons and like circumstances are treated the same. All local guidelines and optional relocation plans, as applicable must be adopted by resolution. The resolution must include the structure of their programs and processes and conform to state guidelines. The guidelines must detail how assistance will be prioritized for vulnerable populations. The order of priority of addressing applicants must be established and included in the local guidelines.

Cost Reasonableness and Cost Analysis

All CDBG-DR expenditures remain subject to cost principles in 2 CFR part 200, subpart E – Cost Principles, including the requirement that costs be necessary and reasonable for the performance of the grantee's CDBG-DR grant.

Duplication of Benefits Review

A duplication of benefits occurs when a disaster survivor receives financial assistance from multiple sources for a cumulative amount that exceeds the total need for a particular recovery purpose. A duplication of benefits (DOB) review will be applied to all housing assistance activities. In determining an applicant's unmet need, grantees must follow the State's Duplication of Benefits policy or develop policies and procedures to prevent any duplication of benefits in accordance with the State's policy. The State will review the Grantee's duplication of benefits policy and procedures to ensure that it meets the DOB requirements of the Stafford Act. At a minimum, the process for determining any duplications will include assessing the need, identifying the total assistance available to the applicant, deducting benefits received for a different purpose, deducting funds received for the same purpose but a different eligible use, funds not available (such as insurance proceeds that were applied to a forced mortgage payoff), private loans, other personal assets. Grantees must include a subrogation agreement to be signed by every applicant for housing assistance. A subrogation agreement ensures that any benefits received by the disaster survivor after the processing of the housing assistance that may represent a duplication will be paid back.

Agreements between Grantees and Applicants for Housing Assistance Programs

Contracts

Under each of the HAP programs there is a required relationship built between the entity delivering the program at the local level and the potential beneficiaries of the program. Depending upon the type of assistance provided (buyout, rehabilitation, down payment assistance, tenant relocation assistance, etc.) there is required program paperwork, including agreements, which must be executed. For example, in the case of a buyout, all of the typical paperwork required for a real estate transaction necessary to get to a closing on the property and to affect a legal transfer is also required under this program. The property will also have a deed restriction placed on it for perpetuity to prevent any further redevelopment.

Contracts and legal agreements are part of every level of the Housing Assistance Program. They will occur between the State and local government, between the local government and the sub- recipient, between the sub-recipient and other professional service providers and between the sub-recipient and the beneficiary.

The policies and procedures manual will outline each of the contracts and agreements used in each program transaction.

Affordability Periods

In order for the HAP funds to retain an affordable housing status, properties may have an affordability period applied as a condition of receiving the benefit. Those terms will differ depending upon the type of assistance and may range from 5 years to 20 years. Typically, the affordability period is applied to the property as part of the deed.

Accessibility Accommodations

The use of CDBG-DR funds must meet accessibility standards, provide reasonable accommodations to persons with disabilities, and take into consideration the functional needs of persons with disabilities in the relocation process. Guidance on relocation considerations for persons with disabilities may be found in Chapter 3 of HUD's Relocation Handbook 1378.0 (available on the HUD Exchange website at https://www.hud.gov/program_offices/administration/hudclips/handbooks/cpd/13780 . A checklist of accessibility requirements under the Uniform Federal Accessibility Standards (UFAS) is available at <https://www.hudexchange.info/resources/documents/Ufas-Accessibility-Checklist.pdf> . The HUD Deeming Notice 79 FR 29671 (May 23, 2014) explains when HUD recipients can use 2010 ADA Standards with exceptions, as an alternative to UFAS to comply with Section 504.

Fair Housing

The State of Arkansas is committed to providing housing assistance programs in a manner that furthers fair housing opportunities to all residents. The State will enact planning and outreach efforts to ensure rebuilding is equitable across communities. The State will implement all regulations in accordance with the Fair Housing Act. All grantees will be required to certify that they will administer their programs in accordance with the Fair Housing Act and that the program will affirmatively further fair housing.

National Objective

Housing programs providing a direct benefit to a disaster survivor are typically required to meet a 100 percent low- and moderate-income test to meet the Low- and Moderate-Income National Objective. In the case of the CDBG DR funds used in this program "low and moderate income" is defined as an amount at or below 120% of area median income (AMI). However, only those funds used for households with up to 80 percent of the area median income may qualify as meeting the low and moderate-income person benefit national objective used to meet the statutory requirement that 70 percent of the aggregate of CDBG-DR program funds support activities benefitting low- and moderate-income persons. The national objective of Urgent Need may be used for households with income between 80 and 120% AMI. Households above 120 percent AMI may be assisted for rehabilitation of an owner-occupied house only if the structure was covered under flood insurance at the time of the disaster. Households above 120 percent AMI may also be assisted in a voluntary buyout of an owner-occupied house located inside the floodway, 100-year floodplain, or a designated Disaster Risk Reduction Area.

Projects using CDBG-DR funds must meet on of the following HUD-designated national objectives to be an eligible housing activity:

- **Benefitting Low- to Moderate-Income Persons (LMH):** Low to Moderate Income Housing (LMH) provides that any assisted activity that involves the acquisition or rehabilitation of property to provide housing shall be considered to benefit persons of low-to moderate-income only to the extent such housing will, upon completion, be occupied by such persons.
- **Low to Moderate Income Buyout (LMB):** Benefitting low- to moderate-income persons where the award amount is greater than their post-disaster fair market value of the property
- **Low to Moderate Housing Incentive (LMHI):** Benefitting low- to moderate-income persons participating in the voluntary buyout or other voluntary acquisition of housing to move outside of the affected floodplain or to a lower-risk area; or when the housing incentive is for the purpose of providing or

improving residential structures that, upon completion, will be occupied by an LMI household.

- Urgent Need – providing housing assistance to applicants making in excess of 80% of the area median income
- Preventing or Eliminating Slum or Blight – used for buyout or acquisition with demolition.

Housing Construction and Rehabilitation Standards

Housing Assistance programs implemented by the State will incorporate uniform best practices of construction standards for all construction contractors performing work in all relevant jurisdictions. Construction contractors will be required to carry required licenses and insurance coverage(s) for all work performed. Arkansas will promote high quality, durable and energy efficient construction methods in affected counties. All newly constructed buildings must meet locally adopted building codes, standards and ordinances. In the absence of locally adopted and enforced building codes that are more restrictive than the state building code the requirements of the State Building Code will apply. Future property damage will be minimized by incorporating resilience standards by requiring that any rebuilding be done according to the best available science for that area with respect to base flood elevations.

The State will implement construction methods that emphasize high quality, durability, energy efficiency, sustainability, and mold resistance. All rehabilitation, reconstruction, and new construction will be designed to incorporate principles of sustainability, including water and energy efficiency, resilience, and mitigation against the impact of future disasters.

Under the CDBG-DR Program, the State will require all construction activities to follow the guidelines specified in the HUD CPD Green Building Checklist and meet an industry-recognized standard that has achieved certification under at least one of the following programs:

- ENERGY STAR (Certified Homes or Multifamily High Rise)
- Enterprise Green Communities
- LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development)
- ICC 700 National Green Building Standard
- EPA Indoor AirPlus (ENERGY STAR a prerequisite)
- any other equivalent comprehensive green building program

Arkansas will implement and monitor construction to ensure the safety of residents and the quality of projects developed. All multifamily units developed must comply with the current Minimum Quality Standards (MQS).

For rehabilitation other than substantially damaged residential buildings, grantees must follow the guidelines specified in the HUD CPD Green Building Retrofit Checklist. Grantees must apply these guidelines to the extent applicable to the rehabilitation work undertaken, including the use of mold resistant products when replacing surfaces such as drywall.

Construction Warranties

In addition to the licenses and insurance requirements, Contractors will be required to provide a warranty period for all work performed. Assisted homeowners will be provided a warranty on the work performed and funded through the housing programs. All work performed by the contractor will be guaranteed consistent with standards of Arkansas, or standards adopted by the State and referenced in contractor agreements to be

executed between the homeowner/applicant and contractor. Contractors will be required to guarantee 1 year of general warranty for the entire home, 2 years of electrical, delivery, and mechanical system warranty, and 10 years of structural warranty. Applicants will have access to a thorough appeals process to address any construction quality concerns identified by the homeowner during the construction process.

Appeals Process

The State will implement an appeals process for homeowners, rental property owners, and other program participants related to program eligibility and program application process. In addition, the state will implement an appeals process for the Housing Assistance programs to allow for appeals of rehabilitation and new construction contractor work not meeting established contractor standards and workmanship that will be detailed in the policies and procedures manual. This protocol will include details on the appeals process, appealable decisions, review criteria, as well as development of governance mechanisms as part of the program operations and guidelines. Upon the approval of this Action Plan and the implementation of any such activity, the appeals process specific to such activity will be announced and placed on the Arkansas Disaster Recovery webpage.

Voluntary Local Buyouts and Acquisition

Grantees can use CDBG-DR funds to buy properties, both commercial and residential, in a target area with the intent to demolish the structures and create park amenities, open space, or flood storage/overflow areas. Such programs are typically part of a multi-pronged approach to community revitalization that includes relocation of residents and businesses in addition to business development activities. Buyout programs are especially effective in communities that have endured multiple disasters in the same neighborhood in the recent past, or sustained severe damage where there is high risk of additional disasters, such as a 100-year flood plain. These programs can help reduce the impact of future disasters while encouraging targeted revitalization efforts and public spaces.

Residential Buyouts

Program eligible activities include acquisition buyout of residential real property, clearance and demolition. Relocation Assistance is available to households with less than 120 percent Area Median Income.

The term “buyout” as referenced in this policy refers to acquisition of properties located in a floodway and floodplain that is intended to reduce risk from future flooding and the acquisition of properties in Disaster Risk Reduction Areas as designated by the grantee. The key factor in determining whether the acquisition is a buyout is whether the intent of the purchase is to reduce risk of property damage in a floodplain or a Disaster Risk Reduction Area.

Recent flooding events have caused significant damage to areas outside of the 100-year floodplain. These areas may be determined to be a Disaster Risk Reduction Area. Grantees will need to establish criteria to designate a Disaster Risk Reduction Area, subject to the following requirements: the hazard must have been caused or exacerbated by the Presidentially declared disaster for which the grantee received its CDBG-DR allocation; the hazard must be a predictable environmental threat to the safety and well-being of program beneficiaries, as evidenced by the best available data and science; and the Disaster Risk Reduction Area must be clearly delineated so that HUD and the public may easily determine which properties are located within the Disaster Risk Reduction Area. All property acquired, accepted, or from which a structure will be removed pursuant to the project will be dedicated and maintained in perpetuity, with a deed restriction or covenant running with the property, for a use that is compatible with open space, recreational, or floodplain and wetlands management practices. The guidelines associated with buyouts, will be developed in accordance with CDBG-DR requirements and regulation to set maximum assistance amounts, that may be more restrictive than the state’s maximums, target area locations, and additional eligibility requirements.

The buyout program combines the acquisition of properties with relocation assistance that results in occupancy and meets the LMHI national objective for LMI persons. This includes additional assistance to rental property owners to provide affordable replacement rental properties outside of the floodplain. Affordability rental periods apply. Non-LMI persons can be assisted with buyout under the Urgent Need national objective. The purchased property, either existing home or newly constructed home, must be located outside of the 100-year floodplain, and outside the Disaster Risk Reduction Area, within the grantee's jurisdiction and be comparable to the participant's previous property. For relocation assistance, the amount of assistance is based on the determined need of the participant; the amount will not exceed \$50,000.

The State will accept proposals for CDBG-DR funds from eligible applicants for primary residential properties, but priority will be given to LMI residents and vulnerable populations as defined by HUD:

- Owner-Occupied Single-Family Homes
- Single Family Rental Units
- Multi-Family Housing Units

Buyout projects will be funded under the following circumstances:

- Buyouts proposing CDBG-DR funding to assist in meeting the required match for FEMA funding (up to 25% of eligible buyout costs).
- Buyouts for which FEMA funding is not eligible or not available. CDBG-DR funds may be awarded for up to 100% of the anticipated project budget.

At a minimum, the Residential Buyout program guidelines will include the following criteria:

- Application for assistance must present a direct or indirect connection to the disaster.
- CDBG-DR funds are prohibited from being used for activities reimbursable by or for which funds are made available by the Federal Emergency Management Agency (FEMA).
- All property acquired, accepted, or from which a structure will be removed pursuant to the project will be dedicated and maintained in perpetuity, with a deed restriction or covenant running with the property, for a use that is compatible with open space, recreational, or floodplain and wetlands management practices.

Relocation Assistance

In a voluntary buyout, the property will be acquired at the pre-flood fair market value established by the appraisal, less any duplication of benefits. If the homeowner chooses to apply buyout proceeds for relocating within the same community, they are eligible for relocation assistance, not to exceed \$50,000, to be applied to the purchase of an existing home. If a comparable home is unavailable within the affordable housing stock, new construction is an option. If the owner is moving outside of the community or is not purchasing a replacement home, the relocation payment is not available.

Tenant Relocation Assistance

Tenants who are affected by a voluntary buyout will be provided relocation assistance under the procedures of the Uniform Relocation Assistance and Real Property Acquisition Act, as amended at 49 CFR 24.

- Relocation assistance payment not to exceed \$7,200. Such payment shall be 42 times the amount obtained by subtracting the base monthly rental for the displacement dwelling from the lesser of the monthly rent and estimated average monthly cost of utilities for a comparable replacement.

- Moving costs.
- The Relocation Expense Benefit may be used to purchase replacement site or dwelling.

Hazard Mitigation Grant Program (HMGP) Local Match

As a result of the damage sustained from the 2019 disasters, AEDC has allocated \$1,250,000 in CDBG-DR to administer and to assist local entities with the match share associated with eligible projects under FEMA HMGP, a qualified program.

AEDC, through its coordination with ADEM and NRD, will ensure that projects meet CDBG-DR eligibility requirements in addition to the requirements of FEMA HMGP. Activities may include but are not limited to:

- Acquisition and Demolition;
- Structural elevations,
- Flood risk reduction, and
- Infrastructure retrofits.

As projects are evaluated through the HMGP process, AEDC will pay close attention to those that benefit housing recovery and address long-term housing needs throughout communities. The HMGP process is in its initial stages at this time and will be rolled out over the coming months from the date of release of this report.

Flood Mitigation Assistance (FMA) Local Match

As a result of the damage sustained from the 2019 disasters, AEDC has allocated \$600,000 in CDBG-DR to administer and to assist local entities with the match share associated with eligible projects under FEMA FMA, a qualified program.

AEDC, through its coordination with NRD, will ensure that projects meet CDBG-DR eligibility requirements in addition to the requirements of FEMA FMA. Activities may include but are not limited to:

- Acquisition and Demolition;
- Structural elevations,
- Flood risk reduction, and
- Infrastructure retrofits.

As projects are evaluated through the FMA process, AEDC will pay close attention to those that benefit housing recovery and address long-term housing needs throughout communities. The FMA process is in its initial stages at this time and will be rolled out over the coming months from the date of release of this report.

Administering Entities

Arkansas Economic Development Commission

AEDC will oversee all activities and expenditures in connection with the CDBG-DR funds. AEDC will ensure that the program meets all requirements, including but not limited to: ties to the disaster; eligible activities; national objectives; procurement regulations; and compliance and cross-cutting requirements (e.g., fair housing, labor standards, nondiscrimination, and environmental regulations).

AEDC staff will provide technical assistance to subrecipients to meet these requirements as needed. AEDC will enter into agency partner agreements with ADEM and NRD to carry out these projects.

FEMA PA, and HMGP, which is sometimes initiated before CDBG-DR is awarded, will be reviewed by AEDC to determine, in consultation with HUD, what eligibility requirements remain. All projects must comply with applicable federal and state laws and regulations and effectively meet project goals.

Arkansas Department of Emergency Management

ADEM is responsible for processing and approving drawdown requests under the FEMA PA and HMGP programs requiring local cost shares. AEDC and ADEM will coordinate closely on the timing of draw requests, document sharing, and payment schedules to ensure eligible invoices are paid in a timely and compliant manner. ADEM is responsible for reporting on the status of project obligations and drawdowns to AEDC, so priority projects can be identified.

Arkansas Natural Resources Division, Department of Agriculture

The Flood Mitigation Assistance (FMA) grant program is funded by FEMA and administered through a partnership with the Natural Resources Division (NRD) of the Arkansas Department of Agriculture. The NRD has the authority and responsibility for reviewing FMA Program subapplications, recommending technically feasible and cost effective subapplications to FEMA and providing pass-thru funding for FEMA approved and awarded project subgrants to eligible subapplicants. NRD has managed the FMA program since 2012. The FMA program is housed within the Floodplain Management Section (FMS) of NRD, the FMS has a full staff of four personnel, which includes the FMA Grant Program Coordinator and the State NFIP Coordinator.

The Hazard Mitigation Assistance (HMA) Guidance provides information on subapplicant and activity eligibility as well as other requirements, including performance period, cost-effectiveness, environmental review, and required documentation. The HMA Guidance is available at https://www.fema.gov/media-library-data/1424983165449-38f5dfc69c0bd4ea8a161e8bb7b79553/HMA_Guidance_022715_508.pdf

Multi-Family Rental Recovery

Multi-Family Housing with Low Income Housing Tax Credits (LIHTC)

Provides up to \$3,693,000 in CDBG-DR funding for rehabilitation, reconstruction and new construction of affordable multi-family rental housing units in areas impacted by the flooding event.

Local governments may propose multi-family rental housing developments in conjunction with for-profit and non-profit developers proposing to receive Low Income Housing Tax Credits (LIHTC) through ADFA. The developments must be affordable or mixed income, and not market rate housing developments.

Affordable developments are all occupied by LMI households; mixed income is occupied by at least 51% LMI households.

To meet the low- and moderate-income housing national objective, affordable rental housing funded under CDBG-DR must be rented to a low- and moderate-income persons at affordable rents. Grantees are required to impose the following minimum affordability periods enforced with recorded use restrictions, covenants, deed restrictions, or other mechanisms to ensure that rental housing remains affordable for the required period of time:

- Rehabilitation or reconstruction of multi-family rental projects with eight or more units – 15 years minimum period of affordability;

- Rehabilitation or reconstruction of multi-family rental projects with less than eight units – 5 years minimum period of affordability;
- New construction multi-family rental projects with five or more units – 20 years minimum period of affordability;
- New construction multi-family rental projects with less than five units – 5 years minimum period of affordability;
- All construction activities are required to follow the guidelines specified in the HUD CPD Green Building Checklist and meet an industry-recognized standard that has achieved certification under at least one of the following programs:
 - ENERGY STAR (Certified Homes or Multifamily High Rise)
 - Enterprise Green Communities
 - LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development)
 - ICC 700 National Green Building Standard
 - EPA Indoor AirPlus (ENERGY STAR a prerequisite)
 - Any other equivalent comprehensive green building program

For rehabilitation other than substantially damaged residential buildings, grantees must follow the guidelines specified in the HUD CPD Green Building Retrofit Checklist. Grantees must apply these guidelines to the extent applicable to the rehabilitation work undertaken, including the use of mold resistant products when replacing surfaces such as drywall.

Any substantial rehabilitation or new construction of a building with more than four rental units must include installation of broadband infrastructure, except where the grantee documents that the location of the new construction or substantial rehabilitation makes installation of broadband infrastructure infeasible.

CDBG-DR funds can be used to support infrastructure for multi-family housing.

Public Housing and Homeless Shelters

There were no transitional, supportive housing or other Continuum of Care or McKinney-Vento sponsored housing reporting any storm related damage at this time. Consequently, the State has not reserved any of CDBG-DR funding specifically to address the rehabilitation, reconstruction or replacement of any McKinney-Vento funded shelters and housing for the homeless – including emergency shelters and transitional and permanent housing for the homeless. These facilities, however, may be applied for under the Infrastructure and Public Facilities Program, and that will establish the public housing unmet need.

Section Nine – Grant Administration

Administrative Funds

The State is entitled to a maximum of 5% of the total CDBG-DR allocation and will act as the lead agency for the overall administration of the CDBG Disaster Recovery funding (\$447,000). Together, Planning and Administration are capped at 20% of the total grant allocation. Of this, by regulation up to 5% of the grant can be used for administration. The State will administer and utilize sub-grantees to disburse the CDBG Disaster Recovery funding directly to benefit homeowners, multifamily property owners, and other eligible beneficiaries of the funding. Administration of the CDBG Disaster Recovery funding by the State will ensure that program activities reach affected residents in a consistent and coordinated manner. The State will implement the programs and activities detailed in this Action Plan primarily through dedicated staff, but may also need to hire consultants and third-party contractors.

It is important to define the difference between Activity, Activity Delivery, and Grant Administrative Costs. 24 CFR 570.205 covers grant administration.

1. Activity Costs: Actual costs to acquire, rehabilitate or construct projects, or provide assistance.
2. Activity Delivery Costs (ADC): costs incurred by sub-recipients to facilitate the development of specific projects and programs (e.g. environmental review, work write up, applicant selection, rehab standards), can include soft costs tied to specific project and are reported within the project or program.
3. Grant Administrative Costs: Costs that grantee (State) must incur to administer or manage the CDBG DR grant (e.g. monitoring, financial management, reporting).

Any third-party contractors to be retained by AEDC will vary by activity category (i.e. Buyouts and Acquisitions, Mitigation, Infrastructure, Economic Revitalization, Infrastructure and Public Facilities, and Planning) and may include, but not be limited to:

- Architectural and Engineering services;
- AEDC Internal CDBG-DR Program Auditing;
- Environmental Review services (including historic preservation review);
- Construction Management services;
- General Contracting (including subcontracting); and,
- Application Intake and Evaluation (in the case of any homeowner programs).

The AEDC Grants Division staff dedicated to the administration of the CDBG-DR funding will be responsible for complying with the significant federal requirements related to financial management and control, programmatic compliance and monitoring, affirmative fair housing, the prevention of fraud, waste and abuse. These staff members will be responsible for administering all aspects of the State's CDBG-DR Program, including oversight of all contractors, working with individual applicants, processing the necessary payments, tracking projects and program activities, reporting in the federal Disaster Recovery Grants Reporting (DRGR) system, as well as coordinating the activities of other state agencies in relation to disaster recovery.

The AEDC staff dedicated to the administration of the funding will be responsible for complying with the significant federal requirements related to financial management and control, programmatic compliance and

monitoring, affirmative fair housing, the prevention of fraud, waste and abuse. These staff members will be responsible for administering all aspects of the State's CDBG-DR Program, including oversight of all contractors, working with individual applicants, processing the necessary payments, tracking projects and program activities, reporting in the federal Disaster Recovery Grants Administration (DRGR) system, as well as coordinating the activities of other state agencies in relation to the disaster recovery.

AEDC staff will also oversee the extensive federal requirements associated with programmatic compliance and monitoring. These staff members will be responsible for ensuring the overall administration of the Funding complies with all applicable federal requirements. They will monitor other AEDC staff to ensure the proper implementation of consistent processes and procedures, particularly as they relate to the identification and prevention of the duplication of benefits. This compliance team will also be responsible for monitoring all AEDC contractors and service providers as detailed in the CDBG-DR Policy and Procedures Manual located on the AEDC CDBG-DR website <https://www.arkansasedc.com/CDBG-Disaster-Recovery/>. As previously noted, there will also be long-term compliance requirements associated with some of these program activities (i.e. liens on homeowner and multifamily properties for extended periods).

In order to effectively administer the CDBG Disaster Recovery funding, consistent with these federal requirements, and to ensure that the necessary safe guards are provided, and monitoring processes and procedures are established and followed, the State intends to utilize the full allotment of administrative funds allowed under the Federal Register Notice. By regulation, the CDBG Disaster Recovery administration for this allocation is subject to 5% of the total funding amount.

Grant Management Capacity

In order to support management and maintain compliance, AEDC developed a framework for ensuring the capacity needs of administering the grant are met. This framework was presented to HUD via the CDBG-DR Financial Management and Grant Compliance Certification for States and Grantees ("Grantee Certifications Package"). Modification to positions approved in the CDBG-DR Grantee Certifications Package will require a formal amendment to the Implementation Plan (and will require HUD approval). Modification to non-key positions, however, are considered a function of operations and will be reported as a part of the regular grant reporting cycle as it affects operations.

To support scaling up AEDC's capacity, key staff will be trained on all program-related activities. This training will support maintaining compliance and providing a high quality of service to beneficiaries. The AEDC Grants Division will also partner and enter into partner agency agreements with ADEM, NRD, and ADFA, as appropriate, to administer the HMGP, FMA and Multi-Family housing programs, where applicable.

Expenditures

AEDC will initiate drawing down funds immediately after HUD's approval of the Action Plan in the Disaster Recovery Grant Reporting (DRGR) system. Funds will be spent within six years of the date HUD obligates the funds to AEDC.⁶⁵

Amendment Process

Should the needs of the state throughout the disaster recovery process change, AEDC will be responsible for amending the Action Plan to most effectively use the CDBG-DR funds. Amendments may include updates to the UNA, the program sections, or redistribution of funding allocations. The process required for completing a

⁶⁵ The Appropriations Act; 24 CFR 570.494 and 24 CFR 570.902.

plan amendment varies based on the size of the amendment.

A substantial amendment is defined by the minimum threshold for requiring substantial amendment procedures, including:

- A change in program benefit or eligibility criteria;
- An addition or deletion of an activity; or
- An allocation or reallocation of 10% or more within a budget category.

As appropriate, AEDC will be responsible for coordinating with partner agencies or jurisdictions to update the plan. All amendments will be clearly marked in the body of the plan. Moreover, at the beginning of each amended plan there will be a summary of the amendment (i.e., record of change). Substantial amendments will utilize the process for public participation as outlined in the Citizen Participation Plan (Attachment C). After finalization, the most up-to-date version of the plan will be available on the CDBG-DR public website and available upon request from AEDC.

Administration Requirements

The following requirements guide the administration of the CDBG-DR grant programs regarding the expenditure of funds. Additional requirements are outlined in the Method of Distribution and Program Priorities section (Section Seven) and in the individual program descriptions (Section Eight).

Administrative Funds

State administrative costs, including grantee administration costs, will not exceed five percent, \$440,000 of the \$8,940,000 allocation. Planning and administrative costs combined will not exceed 20 percent.

The provisions outlined under 42 U.S.C. 5306(d) and 24 CFR §570.489(a)(1)(i) and (iii) will not apply to the extent that they cap state administration expenditures and require a dollar-for-dollar match of state funds for administrative costs exceeding \$100,000. Pursuant to 24 CFR §58.34(a)(3), except for applicable requirements of 24 CFR §58.6, administrative and management activities are exempt activities under this Action Plan.

Duplication of Benefits

In the administration of the CDBG-DR programs, the State of Arkansas will implement its CDBG- DR Duplication of Benefits (DOB) Policy to assure beneficiaries do not receive DOB.⁶⁶ DOB refers to a situation where a beneficiary receives assistance from multiple sources (e.g., private insurance, FEMA, NFIP, non-profits, etc.), and the total assistance amount exceeds the need for a particular recovery purpose. This ensures that beneficiaries receive assistance to the extent that the recovery need has not been fully met. In accordance with HUD Federal Register Notices of 2019, declined, cancelled, and undisbursed loans are not considered DOB. Receiving DOB could result in required repayment of duplicative funds and de-obligation of funding. DOB policies apply to any recipient of CDBG-DR funds, including homeowners, property and business owners, and local governments. Additional information regarding DOB can be found in the State of Arkansas CDBG-DR DOB

⁶⁶ In accordance with Section 312 of the Robert T. Stafford Act, as amended, 76 FR 71060 published November 16, 2011, 84 FR 28848 published June 20, 2019, and 84 FR 28836 published June 20, 2019.

Policy.⁶⁷

Pre-Agreement Costs

Grantees of the CDBG-DR programs are permitted to charge eligible pre-award and pre-application costs incurred in response to the 2019 disasters.⁶⁸ The regulation cited at 2 CFR 200.458 defines pre-agreement costs as “those incurred prior to the effective date of the Federal award directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency”.

Since the disaster occurred in mid-2019 and access to the disaster funding is expected in mid-2021, the AEDC Grants Division anticipates the request of pre-agreement costs, consistent with the regulation, the accompanying CPD Notices and the related Federal Register for only a few specific project costs incurred, including some salary costs.

Once a grant agreement is fully executed, the AEDC Grants Division will allow the drawdown of pre-agreement costs associated with eligible disaster recovery activities dating back to the date of the disaster for subrecipients with appropriate documentation. The AEDC Grants Division will submit only those costs that follow the CDBG cross-cutting regulations and only those that are a direct result of activities related to the presidentially declared flooding event. No requests shall be of the size or amount that will cause a substantial amendment to the Action Plan and all costs will be clearly identified in a category recognized in the Action Plan.

Program Income

AEDC does not anticipate generating program income throughout the duration of the grant period. If program income is generated, AEDC will follow the procedures as outlined in Chapter 8 – Program Income of the Arkansas CDBG Administration Manual.⁶⁹

CDBG-DR Reuse Funds

AEDC anticipates that in some cases CDBG-DR funding could potentially be available later in the program due to unforeseen events such as the cancellation of projects; projects completed under budget; or from funds designated but not allocated. AEDC reserves the right to adjust any of the remaining CDBG-DR funding to ensure maximum utilization of funds. Such CDBG-DR “Reuse” funding adjustments shall be the minimum amount necessary to fund projects efficiently. The CDBG DR Reuse funding is also being made available to offset any unforeseen project eligible cost increases such as in the case of construction. All CDBG DR Reuse funding will be subject to the same expenditure deadlines and compliance requirements set forth in the Federal Register Notice. Funding deemed Reuse will be evaluated and allocated according to the following considerations.

1. In addition to first meeting the core CDBG DR program eligibility requirements as outlined in this Action Plan, Reuse funding will be prioritized in order to allow the State to meet the minimum Federal Register specified objectives should these objectives still remain unfulfilled at the time of the Reuse

⁶⁷ Arkansas AEDC Duplication of Benefits Policy for CDBG-DR Disaster Recovery, July 2020

⁶⁸ US HUD, 2015. “Guidance for Charging Pre-Application Costs of Homeowners, Businesses, and Other Qualifying Entities to CDBG Disaster Recovery Grants.” Retrieved at: <https://www.hud.gov/sites/documents/15-07CPDN.PDF>

⁶⁹ Arkansas AEDC Duplication of Benefits Policy for CDBG-DR Disaster Recovery, July 2020

funding availability.

2. Reuse funding will be first considered for current grantees whose infrastructure projects have been significantly impacted by unforeseen increased project completion costs and require additional funds to ensure timely completion of their eligible project.
3. Reuse funding consideration will depend on the amount required by the eligible CDBG DR project in relation to the amount of limited remaining CDBG DR funding available.
4. Reuse funding consideration will depend on the amount of time required for final project completion in relation to the amount of time remaining under the imposed Federal Register Notice deadlines.
5. Any remaining CDBG DR funding that cannot meet the expenditure deadlines and compliance requirements set forth in the Federal Register Notice will be returned to HUD as required under federal guidelines.

Program Implementation

The program implementation section discusses eligibility requirements, the application process, and implementation requirements for Arkansas's CDBG-DR grant program.

Eligible and Ineligible Activities

The CDBG-DR funds must be used toward disaster recovery activities, addressing disaster relief, restoration of infrastructure, and housing and economic revitalization, directly related to the 2019 disasters.

Eligible Activities

CDBG-DR funds from the HUD disaster appropriation may be used for eligible CDBG activities.⁷⁰ The assistance may be provided for eligible projects to which FEMA has provided assistance, or that other sources, including FEMA, cannot fund or cannot fund in full, but that are nevertheless critical to recovery, or for activities where the costs significantly exceed the amount of assistance that FEMA or other sources can fund. However, any appropriation covered by this Plan⁷¹ shall be reviewed for compliance with duplication of benefits (DOB) guidelines.⁷² A key update is described by HUD, "CDBG-DR grantees shall not treat declined subsidized loans, including declined SBA loans, as a DOB (but are not prohibited from considering declined subsidized loans for other reasons, such as underwriting)."⁷³ Funds may also be used as a matching requirement, share, or contribution for any other federal program, provided all activities are CDBG-DR eligible and in compliance with DOB guidelines.

- Program delivery costs may include, but are not limited to: applicant intake, development of cost estimates, engineering design, and compliance actions for environmental hazards.
- By the terms of the applicable HUD Federal Register Notices, activities using 80% of the CDBG-DR

⁷⁰ Eligible activities are as identified at 42 USC 5305 (a), that meet the state CDBG program regulations as found at 24 CFR 570.482 or any activity for which HUD has issued a waiver/alternative requirement in the applicable Federal Register Notices

⁷¹ Per Public Law 116-20

⁷² As noted in 84 FR 28836, which updates existing DOB requirements to reflect recent CDBG-DR supplemental appropriations acts and amendments to the Robert T. Stafford Disaster Relief and Emergency Assistance Act

⁷³ Per 84 FR 28836.

funding may be funded in the following MID Counties: Dodge County, Douglas County, and Sarpy County. Per the January 27, 2020, Federal Register Notice, Arkansas elected to expand the MID per automatic waver to cover the extent of the three counties.⁷⁴

- Activities using 20% of the CDBG-DR funding may be funded outside of the MID Counties outlined above.
- Structures used by faith-based organizations may be assisted where a structure is used for both religious and secular uses, and the rehabilitation and/or construction costs are attributable to the non-religious use. As of this writing, no specific CDBG-DR eligible projects for religious institutions have been identified; however, the state reserves the right to assist eligible projects as need and identified.

Ineligible Activities

Ineligible activities include, but are not be limited to, the following:

- General government expenses;
- Political activities;
- Operations and maintenance;
- Income payments;
- Assistance to second homes;
- Replacement of lost business revenue as a result of the storm;
- Assistance to private utilities;
- Purchase of equipment (with several exceptions, e.g., as part of an eligible economic development activity, a public service activity, a solid waste disposal facility, or an integral part of a public facility project);
- Any assistance to a business or property owner who received FEMA assistance in the past where required flood insurance has not been maintained.

Implementation Requirements

The following requirements guide the implementation of the CDBG-DR grant programs. Additional requirements are outlined in the Program Priorities section (Section Seven) and in the individual program descriptions (Section Eight).

Procurement

The State of Arkansas will require full and open competition and evaluation of the cost for procurement of contractor support utilizing procurement policies as outlined in the State of Arkansas Procurement Manual, which applies to all programs regardless of source of funds. Procurement for CDBG programs are governed by those specific requirements set forth under 24 CFR 570.489(g) and Arkansas Procurement Laws and Rules, and

⁷⁴ 83 Fed. Reg. 83 (February 9, 2018)

all applicable state laws and regulations.⁷⁵ As applicable, partnering agencies will follow their stated procurement requirements. These rules and regulations are applicable for all applicants and any potential subrecipients. The state's procurement policies were submitted in the State of Arkansas Grantee Certifications Package.

Procurement requirements will depend on the type of program. When construction contractors are required, a licensed contractor with the State of Arkansas and local jurisdictions will be required. According to each local jurisdiction, permits may be required for work conducted utilizing CDBG-DR funding. For all work being performed, construction contractors will be required to have a one-year warranty. Each homeowner will have the right to appeal work performed by a contractor.

Project Construction Costs

Controls to assure that project construction costs funded by CDBG-DR programs are necessary and reasonable are outlined in the CDBG-DR Financial Management and Grant Compliance Certification for States and Grantees. Furthermore, the State of Arkansas Procurement Manual outlines specific policies for determining and demonstrating necessary and reasonable project costs.

Use of Technical Assistance

The State of Arkansas plans will utilize technical assistance resources provided through HUD staff to support program implementation and program management, including potential support for local governments and other eligible applicants under the programs described in this Action Plan where appropriate.

Exceptions

AEDC recognizes that it might be necessary to grant exceptions to the maximum amount of assistance designated per program (outlined in Section 5) and any such exception will be instituted through an appropriate Action Plan amendment. Exceptions will have to demonstrate good cause and will be considered case-by-case, based on funding availability as well as competing accessibility, environmental compliance, or historic preservation requirements. All exceptions will be made in accordance with the CDBG-DR policies and procedures and will be documented.

Minimizing Displacement

AEDC plans to minimize displacement of grant recipients and support recipients that have been displaced based on the implementation of the CDBG-DR program. Minimizing displacement is not designed to limit the programs that AEDC can implement, but rather support a fair recovery process. To minimize displacement when implementing CDBG-DR programs, AEDC will utilize its Residential Anti-Displacement and Relocation Assistance Plan.

Elevation Requirements

To promote a resilient recovery, AEDC will require the use of the following elevation standards as outlined in the Federal Register⁷⁶ by HUD:

- Per HUD requirements, residential structures located in the one percent annual chance floodplain where

⁷⁵ *State of Arkansas Procurement Laws & Rules*, March 16, 2020. Retrieved at <https://www.dfa.arkansas.gov/images/uploads/procurementOffice/lawsRegs.pdf>

⁷⁶ 83 Fed. Reg. 83 (February 9, 2018)

assistance is provided for new construction, repair of substantially damaged structures, or substantial improvements in flood hazard areas, are required to elevate such that the lowest floor (including the basement) is two feet above the base flood elevation. This Plan does not allow for any construction in the one percent annual chance floodplain.

- Mixed-use structures with no dwelling units and residents below two feet above base flood are required to be elevated or floodproofed up to at least two feet above base flood elevation.
- Nonresidential structures are required to be elevated or floodproofed up to at least two feet above the one percent annual chance floodplain.
- All critical actions⁷⁷ located within the 0.2% annual chance (500-year) floodplain are required to be elevated or floodproofed to the 0.2% annual chance floodplain or three feet above the one percent annual chance floodplain elevation. If the 0.2% annual chance floodplain is unavailable, any critical action in the one percent annual chance floodplain must be elevated three feet above the floodplain elevation.

The Arkansas Natural Resources Division work with AEDC to support local community floodplain managers to ensure that all federal, state, and local floodplain regulations are met.

AEDC's priority is to support a resilient recovery. If elevation is proposed, AEDC will demonstrate that elevation is cost reasonable relative to alternative programs. This demonstration of cost reasonableness will be documented by calculating the cost of elevation as compared to alternative solutions.

Fair Housing

As discussed in Section six, the State of Arkansas prioritizes vulnerable populations. Specifically, this will apply to the implementation of Arkansas's CDBG-DR Action Plan by requiring all projects to affirmatively further fair housing for all project types (Title VIII of the Civil Rights Act of 1968).¹¹⁹ This is not restrictive to housing program projects, but rather any project implemented using CDBG-DR funding. Fair housing choice promotes program implementation that does not discriminate based on race, color, religion, sex, disability, familial status, or national origin. More information regarding fair housing requirements can be found in the Arkansas CDBG Program Administration Manual.¹²⁰

Specifically, Arkansas will provide reasonable accommodation and access to language resources to affirmatively further fair housing. Arkansas is committed to ensuring that individuals with disabilities are able to participate and benefit from the CDBG-DR programs as outlined in this action plan. As a part of the planning process, AEDC considered the needs of individuals with disabilities. Additionally, individuals with disabilities can request accommodation, including those that require modification of policies and programs or exceptions, unless doing so would be a fundamental alteration of the program. Additionally, Arkansas is committed to ensuring that individuals with Limited English Proficiency (LEP) are able to participate and benefit from the CDBG-DR programs as outlined in this action plan. More information regarding this accommodation is available in the Citizen Participation Plan (Attachment C).

Green Building Requirements

In the implementation of the CDBG-DR program, residential structures must meet at least one of the following

⁷⁷ Critical Actions are defined as an "activity for which even a slight chance of flooding would be too great, because such flooding might result in loss of life, injury to persons or damage to property" (24 CFR 55.2[b][3]).

green building standards for new construction and repair of substantially damaged structures, including:

- ENERGY STAR (certified homes or multifamily high-rise);
- Enterprise Green Communities;
- LEED (new construction, homes, midrise, existing buildings operations and maintenance, or neighborhood development);
- ICC–700 National Green Building Standard;
- EPA Indoor AirPlus (ENERGY STAR certification is a prerequisite); or
- Any other equivalent comprehensive green building program acceptable to HUD.

Use of Eminent Domain

The use of eminent domain is not anticipated in the implementation of the CDBG-DR program. In the case that eminent domain is exercised, it will only be used for acquisition for public purpose.

Monitoring and Compliance

Monitoring and compliance are critical to successful implementation of the CDBG-DR program to ensure the program is carried out in accordance with state and federal requirements. Monitoring and compliance activities will include documenting compliance with program rules; ensuring timely expenditure of CDBG-DR funds and timely closeout of projects, tracking program and project performance; and identifying technical assistance needs.¹²¹ The state will conduct monitoring activities, including the following:

- Desktop Monitoring is conducted offsite and allows for performance to be monitored (via progress reports and other supporting documentation).
- On-site Monitoring is conducted at the location of the project activity and is generally conducted once, unless otherwise identified.

After monitoring is conducted, a report will be produced summarizing what was reviewed; the applicable state or federal statute; and the conclusion reached through the monitoring process.

Monitoring Report Determinations

Determination	Description
Satisfactory Performance	No identifiable issues.
Concern	An issue is identified but does not involve a statute, regulation or requirement, such as a management issue.
Question of Performance	Monitoring review is inconclusive as to if there is a violation of a statute, regulation, or requirement and additional information will be required.

Clear Violation	Clear violation of a statute, regulation, or requirement and a remedy is required.
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Stakeholder Engagement

Public Website

CDBG-DR will maintain a website at www.ArkansasEDC.com/CDBG-Disaster-Recovery which will contain a copy of the Action Plan, Action Plan amendments, application status reporting for grantee and beneficiaries, procurement information including contracts for outside services, a contractor complaint hotline and general contact information, and more. A complete list of website content is available in Appendix B in this action plan document.

Throughout the duration of the grant, AEDC will maintain the public website listed above to provide information on how the CDBG-DR program funds are being used and administered.

Specifically, this will include:

- The Action Plan, including any and all amendments;
- The current approved Disaster Recovery Grant Reporting (DRGR) system action plan;
- Each quarterly performance report (QPR), as created using the DRGR system;
- Citizen participation requirements;
- Procurement policies and procedures;
- Announcements of public hearing;
- Instructions on how to apply for assistance;
- The grievance procedure;
- A directory of names of staff, responsibilities, and contact information;
- Statement on Anti-Fraud, Waste, and Abuse;
- Description of services or goods currently being procured by the grantee;
- A copy of contracts the grantee has procured directly; and
- A summary of all procured contracts.⁷⁸

Citizen Participation

A Citizen Participation Plan (CPP) (Attachment C) was developed to establish citizen participation efforts to be conducted throughout the implementation of the Action Plan. This plan specifically outlines the 30-day public

⁷⁸ 83 Fed. Reg. 83 (February 9, 2018)

comment period. As discussed in the CPP, the State of Arkansas recognizes the importance of public participation in the process of disaster recovery, particularly for those most vulnerable to the impacts of the disaster. These individuals include low- and moderate-income persons; residents of low- and moderate-income areas; residents of slums and blighted areas; individuals and organizations located where federal and state resources may be used; minorities and non-English speaking residents, including those with Limited English Proficiency (LEP); and persons with disabilities. The CPP was used for the development of the Action Plan and will be utilized throughout program implementation and for review of substantial amendments.

Jurisdictional Engagement

To support efficient and effective use of the CDBG-DR allocation, AEDC will engage with local and regional governments, federal partners, non-governmental organizations, private sector stakeholders, and other entities to sufficiently assess the needs of all areas affected by the 2019 disaster.⁷⁹ Additionally, comprehensive jurisdictional engagement supports:

- Alignment and consistency between the action plan and other regional recovery efforts;
- Development of relationships to enhance resilience; and,
- Information sharing of best practices, challenges, and resources.

Application Status

Once an application has been submitted, AEDC will ensure adequate means of informing applicants on application status are maintained throughout program implementation. This will include utilization of the public website, contact through program representatives, and via email, phone, or mail. AEDC will ensure that personally identifiable information (PII) is protected.

Policies and Procedures

A manual outlining the Policies and Procedures associated with the use of CDBG funding will be available to all interested parties. In addition to the federal compliance areas of procurement, citizen participation, financial management, labor standards, equal opportunity and fair housing, environmental review and contract management, the manual will include housing quality standards and construction standards related to housing rehabilitation, housing reconstruction and new construction, duplication of benefits requirements and processes, deed restrictions and applicable Uniform Relocation Act requirements, Optional Relocation Plans, resolutions related to flood insurance requirements, Program agreements and contract documents, beneficiary intake forms, etc.

Training and Technical Assistance

The complexity associated with using CDBG funds requires training and technical assistance to ensure that project goals are achieved while remaining compliant with program rules and regulations. The Grants Division will offer training opportunities to interested parties at the application stage and the new grantee training stage. Training to build capacity will be implemented throughout the year by focusing on specific program compliance areas. Technical assistance is available to every potential application, sub-applicant, and professional service provider throughout each stage of the process. The Arkansas Grants Division employs regional field representatives assigned to specific areas of the state, as well as specialists, who maintain expertise in certain fields such as housing, economic development, and infrastructure and compliance areas

⁷⁹ This engagement includes CDBG entitlement communities.

such as procurement, equal opportunity and fair housing, Uniform Relocation Act, labor standards, financial management, and environmental review.

Appendix A – Acronyms List

<u>Acronym</u>	<u>Term</u>
ADEM	Arkansas Department of Emergency Management
ADFA	Arkansas Development Finance Authority
AEDC	Arkansas Economic Development Commission
AHTC	Affordable Housing Tax Credits
AMI	Area Median Income
CDBG	Community Development Block Grant
CDBG-DR	Community Development Block Grant – Disaster Recovery
CFR	Code of Federal Regulations
COVID-19	Coronavirus Disease 2019
CPP	Citizen Participation Plan
DOB	Duplication of Benefits
DR	Disaster Recovery
DRGR	Disaster Recovery Grant Reporting
ELIL	Extremely low-income limit
FEMA	Federal Emergency Management Agency
FHWA	Federal Highway Administration
FR	Federal Register
HMGP	Hazard Mitigation Grant Program
HOME	Home Investment Partnerships Program
HTF	National Housing Trust Fund
HUD	United States Department of Housing and Urban Development
IA	Individual Assistance

IHP	Individuals and Households Program
LEP	Limited English Proficiency
LIHTC	Low income housing tax credit
LIL	Low-income limit
LMI	Low- and moderate- income
MID	Most Impacted and Distressed
NFIP	National Flood Insurance Program
NRD	Arkansas Natural Resources Division, Department of Agriculture
OFA	Other Federal Agencies
PA	Public Assistance
PII	Personally Identifiable Information
PW	Project Worksheet
QPR	Quarterly Performance Report
RSF	Recovery Support Function
SBA	Small Business Administration
SR	Subrecipient
SRA	Subrecipient Agreement
UNA	Unmet Needs Assessment
USACE	United States Army Corps of Engineers
VLIL	Very low-income limit

Appendix B – CDBG Disaster Recovery Website

A common means for communication among all parties will be the website. Development and build out of the site will incorporate memorandums, Q&A, best practices, and organizing and posting on the website, any information sought by any of our partners and any potential beneficiaries. The website will be Section 508 compliant (as are all of the State of Arkansas sponsored websites.) It will convert, as necessary, to the predominant languages prevalent in the region.

Arkansas CDBG-Disaster Recovery Website

<https://www.arkansasedc.com/CDBG-Disaster-Recovery>

The website will maintain its own address as well as access direct from the AEDC homepage and will contain the following information:

- Grantee Application Status information
- Beneficiary Application Status information
- Draft and final Action Plans
- Action Plan amendments, as applicable
- Unmet needs assessment background data
- Grant awards
- Copies of relevant procurement documents, grantee administrative contracts, and details of ongoing procurement processes
- Technical Memoranda
- Contractor fraud reporting or hotline
- A means for an applicant “review request” process prior to making an appeal to avoid unnecessary legal review
- Guidance and form for filing a Formal Appeal
- Program general inquiry phone number and general inquiry email
- Program and policy FAQs
- General program expenditure and production progress reports
- Public announcements such as housing program intake center locations, application intake beginning, and end periods, etc.
- Referral to other support agencies and nonprofit services for items such as mortgage foreclosure, insurance claim disputes, title clearance
- Links to standardized program forms
- A link for homeowner/contractor disputes on extended warranty claims
- Link to FEMA floodplain maps, NFIP and related information

Appendix C – Arkansas CDBG-DR Citizen Participation Plan

The following table summarizes changes to the State of Arkansas DR-4441 CDBG-DR Citizen Participation Plan.

Version	Date	Summary of Changes

CITIZEN PARTICIPATION PLAN CDBG-DR

Background

The State of Arkansas is a recipient of a U.S. Department of Housing and Community Development Block Grant-Disaster Recovery (CDBG-DR) Grant appropriated in accordance of the Disaster Relief Appropriations Act, 2016 (Public Law 114-223). This describes the applicable waivers and alternative requirements, relevant statutory and regulatory requirements, the grant award process, criteria for the action plan approval, and eligible disaster recovery activities. The funds are being made available to assist disaster recovery efforts in response to FEMA DR 4441 (the Arkansas River Flooding), declared on June 8, 2019.

The primary goal of this Citizen Participation Plan is to provide all Arkansas citizens with an opportunity to participate in the planning, implementation, and assessment of the State’s recovery programs. The plan set forth policies and procedures for citizen participation, which are designed to maximize the opportunity for citizen involvement in the community recovery process.

Public Hearing

Unlike the Citizen Participation Plan for the Consolidated Plan process, there is no requirement for a public hearing relative to the CDBG-DR Action Plan. The State’s disaster recovery needs will be incorporated into the next required up-date of the Consolidated Plan. In addition, the State will ensure that all grantees adhere to fair housing requirements and will capture, review and maintain records of its status.

Contact Information: Citizens may make comments or request information regarding the Consolidated Planning process by mail, telephone, facsimile transmission, or email to the Arkansas Economic Development Commission, Grants Division, 1 Commerce Way, Suite 601, Little Rock, Arkansas 72202, Tel. (501) 682-7389, TTY: 1-800-285-1131 or dial 711 for Arkansas Relay Service, Fax (501) 682-7499, email JNoble@ArkansasEDC.com.

The State will respond to written comments as appropriate.

Encouragement of Citizen Participation and Outreach: The State will invite and encourage citizen participation in the Action Plan process with a focus on outreach to low- and moderate- income persons, racial/ethnic minorities, persons with disabilities, and persons with Limited English Proficiency.

Strategy: The State will advertise opportunities for public participation in the Action Plan process through stated, federal, local governments, tribal communities, public housing, housing-related service providers, for-profit developers, professional organizations, other known constituency groups, and citizens who have requested notification. Additionally, the State will advertise through: Groups, organizations, agencies, and churches providing services to or advocating for low- and moderate-income persons, racial/ethnic minorities, persons with disabilities, and persons with Limited English Proficiency; and Media sources that have direct contact with low- and moderate-income persons, racial/ethnic minorities, persons with disabilities, and persons with Limited English Proficiency.

The AEDC Grants Division is committed to ensuring that all populations impacted by the storm are aware of the programs to assist in the recovery from the 2019 riverine flooding. Through in persons meeting, outreach events, online and traditional media, the state has publicized the programs and conducted outreach efforts throughout the storm impacted areas.

Public Notice and Comment Period

A comment period of at least thirty (30) days, as required by HUD, shall be provided for citizens, affected local governments, and other interested parties an opportunity to comment on substantial amendments to the Action Plan. Notices advertising the public comment period will be placed in daily newspapers, non-English newspapers, and weekly community newspapers.

In accordance with CDBG-DR requirements, the State of Arkansas has developed and will maintain a comprehensive website regarding all disaster recovery activities assisted with these funds. The State will post all Action Plans and amendments on the State's CDBG-DR website <https://www.arkansasedc.com/CDBG-Disaster-Recovery> to give citizens an opportunity to read the plan and to submit comment(s). This website is featured prominently on, and is easily navigable from, the State's homepage <https://www.arkansasedc.com/>.

Paper copies of the Action Plan will be available in both English (including large, 18pt type) and Spanish.

Comments and complaints may be submitted as follows:

Written comments may be mailed to:

Arkansas Economic Development Commission – Grants Division
Consolidated Planning Coordinator
1 Commerce Way, Suite 601, Little Rock, AR 72202

By telephone: (501) 682-7389, TTY: 1-800-285-1131 or dial 711 for Arkansas Relay Service, or Fax (501) 682-7499, or Email: JNoble@ArkansasEDC.com

At the end of the comment period, all comments shall be reviewed, and a State response will be incorporated into the document. A summary of the comments and the State's responses will be submitted to HUD with the Action Plan. The Action Plan and any amendments including public comments and responses will be posted on the State's CDBG-DR website.

Individuals with Limited English Proficiency (LEP)

Based on LEP data within the impacted areas collected by the State, both the instructions for commenting on, and access to, the Action Plan will be translated into Spanish. Comments will be accepted through the online commenting form in English and Spanish. The State will make every possible effort to translate and consider comments submitted in any other language within the timeframe.

Persons with Disabilities

As noted above, hard copies of Action Plans will be available in large print format (18pt font size) at the location listed above. The online materials will also be accessible for the visually impaired. For more information on how people with disabilities can access and comment on the Action Plan, dial 1-800-285-1131

Response to Citizen Complaints

The AEDC Grants Division shall provide a written response to every complaint relative to the CDBG-DR Plan within fifteen (15) working days of receipt if practicable. The state will execute its Appeals Process in response to complaints and will require grantees to adopt a similar process that weighs complaints through an unbiased process of the citizen's peers. The process will be tiered whereby applicants will be able to appeal a decision and received further review from another level.

Performance Review

The requirements for submission of a Performance Evaluation Report (PER) are waived for the CDBG-DR program. As an alternative, the State's Action Plan must be entered into HUD's Disaster Recovery Grant Reporting (DRGR) system. The State will submit a performance report in a form to be prescribed by HUD no later than thirty days following the end of each quarter, beginning after the first full calendar quarter after grants award and continuing until all funds have been expended. The quarterly reports shall use the DRGR system and be posted on the State's website within three days of submission.

Action Plan Amendments

In the case of amendments, the State of Arkansas will follow two alternative citizen participation processes. In the cases of a substantial amendment, the procedures detailed above will be followed.

A substantial amendment shall be defined as: a change in program benefit, beneficiary or eligibility criteria, the allocation or re-allocation of more than \$5 million, or the addition or deletion of an activity.

For amendments considered to be non-substantial, the State shall notify HUD, but public comment is not required. Every amendment, substantial or not, shall be numbered sequentially and posted on the website.

Applicant Status

The usual methods of notifying citizen of their application status regarding CDBG-DR programs involves communicating through interviews, telephone, email and written. In addition to these very effective methods, the Arkansas CDBG-DR program will include a system where applicants will be able to access their status online.

The Final HUD-Approved Action Plan

Following HUD approval of the Action Plan or amendment(s), it will be posted on the State’s CDBG-DR website. Copies of the Final Action Plan will also be made available upon request.

Complaints

AEDC will respond in writing to written citizen complaints about the Consolidated Plan, Annual Action Plan, Annual Performance Report, and Substantial Amendments. Citizen complaints should be submitted to the Arkansas Economic Development Commission. Complaints may also be received verbally, and by other means, as necessary where the AEDC determines that a citizen is not reasonably able to submit a written complaint due to a physical or intellectual impairment. In these instances, AEDC may convert these complaints into written form.

AEDC will respond to complaints within fifteen (15) working days, where practicable
Compliance Officer
Grants Management Division
Arkansas Economic Development Commission
1 Commerce Way, Suite 601
Little Rock, AR 72202
Or by email to: dpolk@arkansasedc.com with a copy to jnoble@arkansasedc.com

If you need assistance in filing a written complaint, you may contact Dori Polk at 501-682-7335.

Any person that feels that the Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000(d) and Executive Order 13166 regulations were not complied with may file a complaint directly to the Assistant Secretary for Fair Housing and Equal Opportunity at the following links (or as otherwise directed):

FORT WORTH REGIONAL OFFICE U.S. Department of Housing and Urban Development Southwest Office 801 Cherry St., Unit 45, Suite 2500 Fort Worth, TX 76102	Garry Sweeney, Regional Director	(817) 978-5868 Fax: (817) 978-5876
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Or Contact (888)560-8913 and for the hearing impaired, please call TTY (800)927-9275

Appendix D –CDBG-DR Four-Factor Analysis & Language Access Plan

The following table summarizes changes to the State of Arkansas DR-4441 CDBG-DR Language Assistance Plan.

Version	Date	Summary of Changes

A. POLICY STATEMENT

It is the policy of the Arkansas Economic Development Commission (AEDC) to take reasonable steps to provide meaningful access to its programs and activities for persons with Limited English Proficiency (LEP). The AEDC’s policy is to ensure that staff will communicate effectively with LEP individuals, and LEP individuals will have access to important programs and information. AEDC is committed to complying with federal requirements in providing free meaningful access to its programs and activities for LEP persons.

B. HISTORY

Title VI of the Civil Rights Act of 1964 is the federal law which protects individuals from discrimination on the basis of their race, color, or national origin in programs that receive federal financial assistance. In certain situations, failure to ensure that persons who have Limited English Proficiency can effectively participate in, or benefit from, federally assisted programs may violate Title VI’s prohibition against national origin discrimination.

Persons who, as a result of national origin, do not speak English as their primary language and who have limited ability to speak, read, write, or understand English may be entitled to language assistance under Title VI in order to receive a particular service, benefit, or encounter.

On August 11, 2000, Executive Order 13166, titled, “Improving Access to Services by Persons with Limited English Proficiency,” was issued. Executive Order 13166 requires federal agencies to assess and address the needs of otherwise eligible persons seeking access to federally conducted programs and activities who, due to LEP cannot fully and equally participate in or benefit from those programs and activities. Section 2 of the Executive Order 13166 directs each federal department or agency "to prepare a plan to improve access to...federally conducted programs and activities by eligible LEP persons..."

C. DEFINITIONS

Beneficiary: The ultimate consumer of HUD programs and receives benefits from a HUD Recipient or Sub-recipient.

Limited English Proficient Person (LEP): Individuals who do not speak English as their primary language and who have a limited ability to read, write, speak, or understand English because of national origin.

Language Assistance Plan (LAP): A written implementation plan that addresses identified needs of the LEP persons served.

Recipient: Any political subdivision of the State of Arkansas, or an eligible nonprofit organization, to whom Federal financial assistance is extended for any program or activity, or who otherwise participates in carrying out such program or activity, including any successor, assign or transferee thereof, but such term does not include any Beneficiary under any such program.

Sub-recipient: Any public or private agency, institution, organization, or other entity to whom Federal financial assistance is extended, through another Recipient, for any program or activity, or who otherwise participates in carrying out such program or activity but such term does not include any Beneficiary under any such program.

Vital Document: Any document that is critical for ensuring meaningful access to the Recipient's major activities and programs by Beneficiaries generally and LEP persons specifically.

D. FRAMEWORK & METHODOLOGY

This Four Factor Analysis is the first step in providing meaningful access to federally funded programs for LEP persons. The Four Factor Analysis completed by AEDC addresses the following:

1. The number or proportion of LEP persons eligible to be serviced or likely to be encountered by AEDC;
2. The frequency with which LEP persons using a particular language come in contact with AEDC;
3. The nature and importance of the AEDC program or activity provided to the individual's life; and,
4. The resources available to the AEDC, and costs associated with providing LEP services.

E. FOUR FACTOR ANALYSIS

1. The number or proportion of LEP persons eligible to be served or likely to be encountered by AEDC.

AEDC is the recipient of funding from the United States Department of Housing and Urban Development (HUD). This includes Community Development Block Grant Program (CDBG or CDBG Program) funds and HOME Investment Partnerships Program (HOME or HOME Program) funds. AEDC sub-grants this funding to eligible Recipients throughout the State of Arkansas, and such Recipients undertake projects in specific services areas (i.e. within a particular local government, a group of counties, or other identified service area). AEDC does not often come into direct contact with LEP persons, as most direct contact with an LEP person occurs at the project level between the Recipient and the LEP person.

AEDC's service area generally consists of the entire State of Arkansas, (although the Cities of Little Rock, North Little Rock, Conway, Pine Bluff, Fayetteville, Ft. Smith, Rogers, Hot Springs, Springdale, Jacksonville, Texarkana, West Memphis and Jonesboro are each HUD entitlement communities). In order to determine the LEP population of Arkansas, AEDC reviewed the 2015 5-year American Community Survey (ACS) data (Table B16001) to find what the primary languages were for people

that spoke English less than “very well”. Based on this data, in addition to English, Arkansas’s population speaks Spanish (144,270 or 5.2%), with 3% speaking English less than “very well.”

This data shows that the Spanish speaking population is the largest LEP population in Arkansas, (69,912, or 3%), and therefore would likely be the LEP population most likely to be encountered by AEDC. Because AEDC does not directly provide assistance to individuals, AEDC also looked at the ACS data to determine what LEP populations are present on a county level.

HUD has established a “safe harbor” regarding the responsibility to provide translation of Vital Documents for LEP populations. This safe harbor is based upon the number and percentages of the service area-eligible population or current beneficiaries and applicants that are LEP. According to the safe harbor rule, HUD expects translation of Vital Documents to be provided when the eligible LEP population in the service area or beneficiaries exceed 1,000 persons or if it exceeds 5% of the eligible population or beneficiaries along with more than 50 people. In cases where more than 5% of the eligible population speaks a specific language, but fewer than 50 persons are affected, there should be a translated written notice of the person’s right to an oral interpretation.

With the Spanish speaking population being the largest LEP population in Arkansas, AEDC has identified 14 counties that have Spanish speaking LEP populations exceeding the 1,000 person or 5% (+50 persons) threshold. These are depicted in the following table. With the exception of these counties, no other Arkansas county has an LEP population other than the Spanish speaking population that exceeds the HUD safe harbor threshold. Disaster declared counties are highlighted below (neither of the two HUD-identified MID counties are included in the below):

County	Total Population	Estimate of Spanish speakers who speak English less than “very well”	% of total Spanish speaking population who speak English less than “very well”
Benton	220,576	12,194	5.53%
Bradley	10,448	538	5.15%
Carroll	26,047	1,665	6.39%
Craighead	94,333	1,501	1.59%
Crawford	57,948	1,668	2.88%
Garland	91,642	1,378	1.50%
Hempstead	20,858	1,259	6.04%
Howard	12,680	634	5.00%
Pope	58,809	1,925	3.27%
Pulaski	363,219	8,439	2.32%
Sebastian	118,529	5,387	4.54%
Sevier	15,892	2,679	16.86%

Washington	200,572	14,790	7.37%
Yell	20,383	1,975	9.69%

Source: U.S. Census 2015 5-year American Community Survey Data Table B16001 LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER. The estimates from the ACS are based on a sample survey and hence are subject to sampling error

2. The frequency with which LEP persons using a particular language come in contact with AEDC.

AEDC understands that the more frequently contact occurs with LEP persons, the more likely enhanced language services will be needed. However, AEDC does not provide direct assistance to individuals. AEDC awards HUD funds to Recipients that carry out eligible projects that benefit individuals in the service area. As such, LEP persons rarely come into contact with AEDC administered HUD-funded programs at the State level. However, it is possible that some citizen participation efforts may be directed to the State by persons seeking to participate in the annual planning process for AEDC programs.

3. The nature and importance of the AEDC program or activity provided to the individual’s life.

AEDC understands that the more important the activity, information, services or program, or the greater the possible consequences of the contact to the LEP persons, the more likely language services are needed. The programs administered by AEDC result in Recipients of HUD funding from AEDC carrying out projects, and in some instances, providing direct assistance to LEP individuals and families. It is likely that the type of project activities proposed by the Recipient will impact the level and type of language assistance needed to be provided. At the AEDC level, it is most important for language assistance services be provided for citizen participation efforts undertaken by AEDC, as this is when it is most likely that LEP individuals will come into contact with AEDC directly. It is also important that AEDC provide information to LEP persons that will allow them to file a complaint if they believe they have been denied the benefits of language assistance.

4. The resources available to AEDC, and costs associated providing LEP services.

AEDC has very limited resources available for administration of the CDBG-DR funded program over the six year expenditure period. These resources primarily come from the percentage of CDBG funding that is allowed to be used for administration of this program (5%, or \$447,000). AEDC will have to use these administration funds to provide LEP services, in addition to using such funds for fulfilling all other statutory and regulatory requirements of these programs.

The costs associated with providing LEP services will vary depending upon the service provided. If AEDC uses existing resources, such as having AEDC staff members who are proficient in languages other than English assist in translation and/or interpretation, this will be a cost effective method of providing LEP services. Another cost effective method of providing LEP services would be to make LEP persons aware of the many brochures, handbooks, booklets, factsheets and forms that are available in multiple languages on the HUD website. AEDC may also, when appropriate, utilize free websites to translate written materials. The most costly option for providing LEP services would be to contract with outside persons that are proficient in interpretation of spoken word and in translation of documents. AEDC will do this only when necessary, when dealing directly with

beneficiaries in the above highlighted disaster impacted areas. It is expected that the cost of obtaining such services will vary depending upon the nature of the services requested, and the service provider selected.

F. LANGUAGE ASSISTANCE PLAN

As a result of the preceding Four Factor Analysis, AEDC has developed a Language Assistance Plan. The Language Assistance Plan addresses the identified needs of the LEP persons AEDC serves, the process by which AEDC will monitor and update the LAP.

AEDC understands that the actions AEDC is expected to take to meet its LEP obligations depend upon the results of the Four Factor Analysis including the services AEDC offers, AEDC's service area, the resources AEDC possesses, and the costs of various language service options. However, AEDC is to take reasonable steps to ensure meaningful access to LEP persons. The meaningful access is based upon a reasonableness standard that is both flexible and fact-dependent.

1. The procedures AEDC will use to identify LEP persons with whom AEDC has contact, the size of LEP populations, and the languages of LEP populations. AEDC will review American Community Survey data as it is updated to determine the size of LEP populations and the languages of LEP populations within the State of Arkansas. AEDC will use its citizen participation process conducted on at least an annual basis in conjunction with preparation of the required regular CDBG Annual Action Plan to determine whether additional contact with LEP persons is likely to occur at the State level. This will be accomplished by including information in public notices for Annual Action Plan hearings regarding obtaining language assistance in order to participate in the planning process. AEDC staff persons will also interact with public hearing attendees and informally engage in conversation to gauge each attendee's ability to speak and understand English. AEDC will keep records of language assistance requests in order to determine whether language assistance may be needed at future hearings.

2. Points and types of contact AEDC may have with LEP persons.

LEP persons rarely come into contact with AEDC administered HUD-funded programs at the State level. However, AEDC is aware that LEP populations may wish to participate in the citizen participation efforts of AEDC, especially when AEDC is determining state and local needs and program policies. AEDC's LAP focuses on the need for AEDC to ensure that individuals have access to citizen participation efforts, and that Recipients of HUD funding from AEDC fulfill their LEP obligations so as to ensure that the LEP community has access to appropriate language assistance.

3. Ways in which language assistance will be provided by AEDC, and the plan for outreach to LEP populations.

AEDC will provide language assistance as requested, and as appropriate. AEDC has limited resources available for administration of HUD funded programs, and such resources must be used to provide LEP services in addition to fulfilling all other statutory and regulatory requirements of these programs. AEDC will provide language assistance as follows:

(1) AEDC will maintain a list of identified AEDC staff members (and where possible other state agency employees) who are proficient in languages other than English who are willing to assist in

translation and/or interpretation, and will make this list available to staff persons so that they can appropriately obtain language assistance services for LEP persons.

(2) AEDC will use and make persons aware of the many brochures, handbooks, booklets, factsheets and forms that are available in multiple languages on the HUD website.

Many of these are available at: <http://www.hud.gov/offices/ftheo/promotingfh/leptranslated.cfm>

(3) When, and if appropriate, AEDC may utilize free websites and computer programs to translate written materials. AEDC's website www.ArkansasEDC.com utilizes a 94 language translation program.

(4) As needed, AEDC will contract with entities that are proficient in interpretation of spoken word and translation of documents. AEDC will maintain a list of identified contractors.

(5) When language assistance is needed via telephone, staff will immediately contact the individual from the AEDC internal list of staff persons proficient in the particular language and have such individual provide assistance; or in the alternative, the staff will seek assistance through services like Language Line.

(6) AEDC will provide, on a prior request basis, interpretation assistance for AEDC public hearings and/or meetings via staff persons proficient in the particular language requested; or in the alternative if no staff person is available to provide such assistance, the staff will seek assistance from a qualified contractor.

(7) AEDC will translate Vital Documents, including but not limited to the Citizen Participation Plan and Complaint procedures, into Spanish (and other languages as need may be identified in the future).

Outreach Plan

AEDC will conduct outreach to LEP persons as follows:

(1) AEDC will provide notification to LEP persons of the availability of language assistance services (both interpretation and translation) through public notices published in conjunction with the Action Plan, and on the AEDC website.

(2) AEDC will provide a link on the AEDC website to the HUD translated materials site.

(3) AEDC will provide its Recipients with technical assistance regarding their responsibilities to provide language assistance services to individuals in their jurisdiction and/or service area, and request information from them on how they will provide outreach to LEP persons in their jurisdiction and/or service area.

4. AEDC's plan for training staff members on LEP guidance and the LAP, including specific provisions for training staff that are responsible for monitoring Recipients of HUD funding.

AEDC will ensure that AEDC staff persons are given proper LEP training so that they are aware of their obligations to provide meaningful access to information and services for LEP persons. Staff associated with HUD funded programs will have a greater need for in-depth training, and AEDC will ensure such staff persons have been trained on providing language assistance and/or obtaining language assistance for LEP individuals. Training for these individuals will include the following:

(1) Staff persons will be trained on language assistance requirements by being made aware of applicable law and resources.

(2) Staff persons will be provided with a copy of the Four Factor Analysis and Language assistance Plan, and will be informed when such information is updated.

(3) Staff persons will be informed of other staff persons who are proficient in providing language assistance, and receive instructions on actions to take when LEP individuals are encountered, including instructions on the use of Language Line.

(4) Front desk receptionists will be trained on the use Language Line and on use of language identification cards, or “I speak cards”, which invite LEP persons to identify their language needs. I speak cards will be kept at the front desk.

(5) All staff persons that monitor Recipient’s will be trained on examining the efforts of Recipients to comply with LEP requirements. This will include the following: (1) evaluating whether the Recipient has completed a Four Factor Analysis; (2) determining whether such Four Factor Analysis necessitated the preparation of a Language Assistance Plan; (3) determining whether Recipient provided language assistance outreach and services as identified in the Language Assistance Plan; and, (4) determining whether Vital Documents have been made available in appropriate languages.

(6) Supervisors and managers will be trained on language assistance requirements so that they can reinforce the importance of compliance and ensure implementation by staff.

5. A list of Vital Documents to be translated, the languages into which they will be translated and the timetable for translations.

AEDC will translate Vital Documents into appropriate languages. Vital Documents are any documents that are critical for ensuring meaningful access to AEDC’s major activities and programs by beneficiaries generally and LEP persons specifically. Based upon the information gathered through completion of the Four Factor Analysis, AEDC has determined that the Citizen Participation Plan and complaint procedure contained in the AEDC program administration manuals are Vital Documents. The Citizen Participation Plan provides the plan for ensuring that citizens are aware of when activities will take place, which will help ensure they have the opportunity to participate and/or request the necessary assistance to participate. The complaint procedure provides information on how to inform AEDC if an individual has a complaint against AEDC or its Recipient’s in administering funding. AEDC will translate both of these documents into Spanish. The Citizen Participation Plan will be translated prior to citizen participation efforts for the next Action Plan or Amendment at that time. AEDC also plans to have the complaint procedure in the AEDC program administration manuals translated.

AEDC will document requests received for language assistance, observe interactions with LEP that occur as a result of the Vital Documents translated, continue to review American Community Survey data as it is updated, and determine whether there are other Vital Documents that need to be translated, or whether other languages are necessary.

AEDC will also ensure that public notices include a clause in Spanish, which informs individuals that they may request language assistance services in order to participate in the process addressed in the public notice.

6. AEDC’s plan for translating informational materials that detail services and activities provided to Beneficiaries and AEDC’s plan for providing appropriately translated notices to LEP persons.

Because the cost of translation can be high, AEDC will continue to evaluate the need for translation of informational materials, and consider the best way to undertake translation services. AEDC wishes to be resourceful in providing language assistance without compromising quality and accuracy of the language services provided. If AEDC receives a request for translation of materials, AEDC will proceed to have such materials translated into the language requested, unless it is determined that the requester would also be satisfied with a competent oral interpretation of the document (e.g. documents only a few pages in length), and the oral interpretation can be more promptly provided.

As explained in the Four Factor Analysis, AEDC does not provide services directly to beneficiaries, but instead provides funding to Recipients who then provide services to beneficiaries. Therefore, AEDC believes it is appropriate to focus upon ensuring Recipients are taking appropriate action to ensure notice of language assistance services is provided to LEP persons, and that documents that are identified as Vital Documents by Recipients are translated into appropriate languages.

7. AEDC’s plan for providing interpreters for large, medium, small and one-on-one meetings.

As part of AEDC’s citizen participation plan, AEDC will make the LEP persons aware that an interpreter can be provided without charge to allow for participation in public hearings or meetings. AEDC will require a request, in advance of the public hearing or meeting, for an interpreter to be provided. In the event a LEP person requests to have a family member or friend act as an interpreter for them at a hearing or meeting, AEDC will make every effort to ensure the LEP person knows that AEDC will provide an interpreter free of charge. If the LEP person continues to insist upon use of such family member or friend, AEDC will inform the LEP person that they need to be confident that the family member or friend can provide quality and accurate interpretation. If the LEP person wishes to proceed with such individual as an interpreter, AEDC will accommodate for such interpretation assistance to occur at the hearing or meeting.

8. AEDC’s plan for developing community resources, partnerships, and other relationships to help with the provision of language services.

AEDC is aware that other Arkansas government agencies and entities have Language Assistance Plans. These include the Arkansas State Courts, Arkansas Highway and Transportation Department, and Arkansas Department of Education, among others. AEDC will communicate with these agencies regarding their methods of LEP outreach and provision of language assistance services. Through this communication, AEDC will attempt to determine best practices for the provision of such services, and incorporate those into AEDC’s Language Assistance Plan.

AEDC will also communicate with community organizations that serve LEP populations. Such organizations include Hispanic Community Services, Inc., Hispanic Women’s Organization of Arkansas, Arkansas Latino Nonprofit Leadership Academy, Marshallese Educational Initiative, Arkansas Literacy Councils, ¡Hola! ARKANSAS and others that assist people of all cultures by teaching English language and literacy skills. Many of these organizations also partner with educational institutions, community groups, and churches to provide services to LEP persons. Identification of these groups through interaction with literacy skill providers will help AEDC become more aware of the needs that exist for language assistance services.

AEDC will provide Recipients with technical assistance regarding their responsibilities to provide language assistance services. In particular, AEDC will educate Recipients on HUD’s safe harbor provision for translation of written materials, and the requirement to provide reasonable, timely, oral language assistance to LEP persons. AEDC will require all Recipients to provide reasonable oral language assistance, and such assistance may involve use of an in-person interpreter or telephone line interpreter, as may be appropriate. AEDC will require Recipients in counties that have populations that exceed the HUD safe harbor threshold to complete a Four Factor Analysis, and where necessary prepare a Language Assistance Plan to address identified needs of LEP persons. AEDC will prepare a template that can be used as a starting point for Recipients in preparing a Language Assistance Plan. After provision of technical assistance and training, AEDC will monitor Recipients to evaluate action taken comply with LEP requirements and, where applicable, compliance with provisions contained in a Language Assistance Plan.

AEDC will make Recipients aware of LEP resources, especially those noted at the end of the Language Assistance Plan. In particular, AEDC will use the LEP video, “Breaking Down the Language Barrier: Translating Limited English Proficiency into Practice.” This video, which is available as a streaming video on www.lep.gov, explains the language access requirements of Title VI and Executive Order 13166 through vignettes that expose the problems resulting from the absence of language assistance. The video goes on to show how these same situations could have been handled more appropriately if the service provider took reasonable steps to provide meaningful access.

9. AEDC’s plan for monitoring and updating the LAP.

AEDC will monitor, maintain and update the Language Assistance Plan at least annually, and more frequently in response to new information. AEDC will review American Community Survey data as it is updated to determine the size of LEP populations and the languages of LEP populations within the State of Arkansas, review additional guidance provided by HUD, and update the Language Assistance Plan accordingly.

AVAILABLE LEP RESOURCES

HUD Frequently Asked Questions on the Final LEP Guidance:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/promotingfh/lep-faq

HUD’s LEP Website:

<http://www.hud.gov/offices/fheo/lep.xml>

Federal LEP Website:

<http://www.lep.gov/>

LEP and Title VI Videos:

<http://www.lep.gov/video/video.html>

“I Speak” Card:

<http://www.lep.gov/ISpeakCards2004.pdf>

Individuals with Disabilities or Language Impairments

The State values the public’s opinion by accepting citizen and other interested parties’ comments throughout development and implementation of its CDBG Disaster Recovery program. Every effort will be

made to reach minorities, non-English speaking residents, as well as persons with disabilities. For all meetings, to facilitate comments, questions, and other information; a Spanish-speaking translator and/or Hearing Impaired Sign Language interpreter is made available upon request. Program information posted to the website will be accessible and available in accessible formats, including those readable by screen readers. AEDC works to publish all public documentation in formats supportive of screen reader technology. AEDC will make information available in alternate formats as needed and upon request to ensure effective communication to persons with disabilities and language related impairments. Requests for this Plan or related documents in alternate formats consistent with the provisions of federal requirements related to persons with disabilities or related to limited English proficiency can be directed to AEDC using the following methods:

- Via telephone: (501) 682-7389
- Via email: JNoble@ArkansasEDC.com
- Online at: <https://www.arkansasedc.com/cdbg-disaster-recovery/>
- In writing at: Arkansas Economic Development Commission
Attn: Grants Division
1 Commerce Way, Ste. 601
Little Rock, AR 72202

Individuos con Discapacidades o Impedimentos de Lenguaje

El Estado valora la opinión del público al aceptar los comentarios de los ciudadanos y otras partes interesadas durante el desarrollo y la implementación de su programa de Ayuda Local de Desarrollo Comunitario Recuperación de Desastres (CDBG-DR). Se hará todo lo posible para llegar a las minorías, los residentes que no hablan inglés, así como a las personas con discapacidades. Para todas las reuniones, para facilitar comentarios, preguntas y otra información; Un traductor de habla hispana y / o un intérprete de lenguaje de señas para discapacidad auditiva está disponible si es solicitado. La información del programa publicada en el sitio web será accesible y estará disponible en formatos accesibles, incluidos los que puedan leer los lectores de pantalla. AEDC Grants Division trabaja para publicar toda la documentación pública en formatos compatibles con la tecnología de lector de pantalla. AEDC pondrá a disposición información en formatos alternativos según sea necesario y a pedido para garantizar una comunicación efectiva a las personas con discapacidades y discapacidades relacionadas con el lenguaje. Las solicitudes de este Plan o documentos relacionados en formatos alternativos consistentes con las disposiciones de los requisitos federales relacionados con el dominio limitado del inglés pueden dirigirse a AEDC utilizando los siguientes métodos:

- Por el telefono: (501) 682-7389
- Por el correo electrónico: JNoble@ArkansasEDC.com
- En línea a: <https://www.arkansasedc.com/cdbg-disaster-recovery/>
- Por escrito en: Arkansas Economic Development Commission

Attn: Grants Division
1 Commerce Way, Ste. 601
Little Rock, AR 72202

COMPLAINTS

If you believe that you have been denied the benefits of this Language Assistance Plan, you may file a written complaint by mail to:

Compliance Officer
Grants Management Division
Arkansas Economic Development Commission
1 Commerce Way, Ste. 601
Little Rock, AR 72202

Or by email to: dpolk@arkansasedc.com with a copy to jnoble@arkansasedc.com

If you need assistance in filing a written complaint, you may contact Dori Polk at 501-682-7335

Any person that feels that the Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000(d) and Executive Order 13166 regulations were not complied with may file a complaint directly to the Assistant Secretary for Fair Housing and Equal Opportunity at the following links (or as otherwise directed):

FORT WORTH REGIONAL OFFICE U.S. Department of Housing and Urban Development Southwest Office 801 Cherry St., Unit 45, Suite 2500 Fort Worth, TX 76102	Garry Sweeney, Regional Director	(817) 978-5868 Fax: (817) 978-5876
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Appendix E – Certifications

Certifications Waiver and Alternative Requirement

Per the Federal Register⁸⁰ the State of Arkansas certifies that with its Action Plan:

- a. The State of Arkansas certifies that it has in effect and is following a residential anti- displacement and relocation assistance plan in connection with any activity assisted with funding under the CDBG program (See Section 6.2.2.5).
- b. The State of Arkansas certifies its compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by part 87.
- c. The State of Arkansas certifies that the Action Plan for disaster recovery is authorized under State and local law (as applicable) and that the State, and any entity or entities designated by the State, and any contractor, subrecipient, or designated public agency carrying out an activity with CDBG–DR funds, possess(es) the legal authority to carry out the program for which it is seeking funding, in accordance with applicable HUD regulations and this notice. The State of Arkansas certifies that activities to be undertaken with funds under this notice are consistent with its Action Plan.
- d. The State of Arkansas certifies that it will comply with the acquisition and relocation requirements of the URA, as amended, and implementing regulations at 49 CFR part 24, except where waivers or alternative requirements are provided for in this notice.
- e. The State of Arkansas certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- f. The State of Arkansas certifies that it is following a detailed citizen participation plan that satisfies the requirements of 24 CFR 91.115 or 91.105 (except as provided for in notices providing waivers and alternative requirements for this grant). Also, each local government receiving assistance from a State grantee must follow a detailed citizen participation plan that satisfies the requirements of 24 CFR 570.486 (except as provided for in notices providing waivers and alternative requirements for this grant) (See Section 6.4.2 and Attachment A.).
- g. The State of Arkansas certifies that it has consulted with affected local governments in counties designated in covered major disaster declarations in the non-entitlement, entitlement, and tribal areas of the State in determining the uses of funds, including the method of distribution of funding, or activities carried out directly by the State.
- h. The State of Arkansas certifies that it is complying with each of the following criteria:
 - 1) Funds will be used solely for necessary expenses related to disaster relief, long- term recovery, restoration of infrastructure and housing and economic revitalization in the most impacted and distressed areas for which the President declared a major disaster in 2016 pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (42 U.S.C. 5121 et seq.).

⁸⁰ 83 Fed. Reg. 28 (February 9,2018)

- 2) With respect to activities expected to be assisted with CDBG–DR funds, the action plan has been developed so as to give the maximum feasible priority to activities that will benefit low- and moderate-income families.
- 3) The aggregate use of CDBG–DR funds shall principally benefit low- and moderate- income families in a manner that ensures that at least 70 percent (or another percentage permitted by HUD in a waiver published in an applicable Federal Register notice) of the grant amount is expended for activities that benefit such persons.
- 4) The State of Arkansas will not attempt to recover any capital costs of public improvements assisted with CDBG–DR grant funds, by assessing any amount against properties owned and occupied by persons of low- and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless:
 - a) Disaster recovery grant funds are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than under this title; or
 - b) For purposes of assessing any amount against properties owned and occupied by persons of moderate income, The State of Arkansas certifies to the Secretary that it lacks sufficient CDBG funds (in any form) to comply with the requirements of clause (a).
- i. The State of Arkansas certifies that the grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601–3619), and implementing regulations, and that it will affirmatively further fair housing (see Section 6.2.2.7).
- j. The State of Arkansas certifies that it has adopted and is enforcing the following policies, and, in addition, that the State of Arkansas will require local governments that receive grant funds to certify that they have adopted and are enforcing:
 - 1) A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
 - 2) A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.
- k. The State of Arkansas certifies that it currently has or will develop and maintain the capacity to carry out disaster recovery activities in a timely manner and that the grantee has reviewed the requirements of this notice. The State of Arkansas certifies to the accuracy of its Public Law 115–56 Financial Management and Grant Compliance certification checklist, or other recent certification submission, if approved by HUD, and related supporting documentation and its Implementation Plan and Capacity Assessment and related submissions to HUD.
- l. The State of Arkansas certifies that it will not use CDBG–DR funds for any activity in an area identified as flood prone for land use or hazard mitigation planning purposes by the State, local, or tribal government or delineated as a Special Flood Hazard Area (or 100- year floodplain) in FEMA’s most current flood advisory maps, unless it also ensures that the action is designed or modified to minimize harm to or within the floodplain, in accordance with Executive Order 11988 and 24 CFR part 55. The relevant data source for this provision is the State, local, and tribal government land use regulations and hazard mitigation plans and the latest issued FEMA data or guidance, which

includes advisory data (such as Advisory Base Flood Elevations) or preliminary and final Flood Insurance Rate Maps.

- m. The State of Arkansas certifies that its activities concerning lead-based paint will comply with the requirements of 24 CFR part 35, subparts A, B, J, K, and R.
- n. The State of Arkansas certifies that it will comply with environmental requirements at 24 CFR part 58.
- o. The State of Arkansas certifies that it will comply with applicable laws.

The State of Arkansas acknowledges that any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729.

Appendix F – Public Comment & Stakeholder Engagement

Public Comment and Response

