

STATE OF MISSOURI

ACTION PLAN

**Supplemental CDBG Disaster Recovery Funding from the
Supplemental Appropriations Act
Public Law 110-329, 2008**

(Second 2008 Act)

Federal Register: February 13, 2009

**MISSOURI DEPARTMENT OF ECONOMIC
DEVELOPMENT**

Amended – November, 2010

Amended – June 21, 2011

Amendment #2 to Second Disaster Supplemental Action Plan

This amendment addresses a change in Method of Distribution regarding the Second Supplemental Disaster Assistance funds. The amendment addresses a change from the initial competitive cycle application and allocation system to an open cycle application and allocation system. It amends the Method of Distribution from a statewide approach that addressed the initial eligible disaster declared counties to a targeted approach allowing for applications from 3 areas of the state in order to target remaining unmet needs from 2008: St. Louis City/County, Pettis County and the Joplin MSA (Newton/Jasper Counties)

Except where otherwise noted below, all parts of the existing Plan remain in effect.

Need for Amendment

Unmet Need from 2008

The year 2008 saw unprecedented weather related events in Missouri. There were six separate Presidentially-declared disasters in MO, covering all but 8 of the 114 counties in the State.

For disasters included in the Second Supplemental Appropriation for CDBG, Pettis County was declared in DR 1773 and the Joplin MSA (Newton and Jasper Counties was declared three times in 2008 in DR's 1742, 1749, and 1760, respectively).

Additional declarations were made in those counties for other weather related events in 2008 that were not included in the Second Supplemental Disaster Funding.

2008 Disaster Declarations in Missouri:

DR-1742
DR-1748
DR-1749
DR-1760
DR-1773
DR-1809

Disaster Impacts from 2008:

DR-1742

Activity	Total in All Declared Counties	Joplin MSA
Residences Impacted	435	4
Destroyed	79	
Major Damage	62	
Minor	210	
Affected	84	
Insured	61%	
Low Income	39%	

Individual Assistance grants	None awarded	
Public Assistance grants	\$1.3M	\$200K
Permanent work	\$1.12	
Emergency work	\$191K	

DR-1749

Activity	Total in All Declared Counties	Joplin MSA	St. Louis
Residences Impacted	3481	13	
Destroyed			
Major Damage		15	
Minor		4	
Affected		2	
Insured			
Low Income			
Individual Assistance grants	\$13.9M		
IA Housing	\$12.2M		
Other Needs Assistance	\$1.6M		
Public Assistance grants	\$26.7M	\$180K	
Permanent work	\$23.1M		
Emergency work	\$2.6M		

DR-1760

Activity	Total in All Declared Counties	Joplin MSA
Residences Impacted	550	465
Destroyed	154	143
Major Damage	58	52
Minor	258	190
Affected	80	80
Insured	43%	61%
Low Income	61%	68.5%
Individual Assistance grants	\$3.9M	\$3.7M
IA Housing		
Other Needs Assistance		
Public Assistance grants	No PA awarded	\$5.9M
Permanent work	0	
Emergency work	0	

DR-1773

Activity	Total in All Declared Counties	Pettis
Residences Impacted	1089	
Destroyed		
Major Damage		
Minor		
Affected		
Insured		
Low Income		

Elderly		
Individual Assistance grants	\$5.3M	
IA Housing	\$4.9M	
Other Needs Assistance	\$436K	
Public Assistance grants		\$169K
Permanent work		
Emergency work		

DR-1809

Activity	Total in All Declared Counties	St. Louis
Residences Impacted	2907	2125
Destroyed	12	1
Major Damage	199	112
Minor	1021	910
Affected	1675	1102
Insured	20%	67.5%
Low Income	61%	73%
Individual Assistance grants	\$7M	\$3.4M
IA Housing	\$6.3M	\$770K
Other Needs Assistance	\$962K	\$570K
Public Assistance grants	\$14.4M	
Permanent work		
Emergency work		

The following projects were undertaken following the 2008 CDBG Disaster Supplemental Appropriations in the areas covered by this Amendment.

1st supplemental

Newton County - \$1,290,500 for rehabilitation and substantial reconstruction of tornado damaged homes from the 2008 tornado. The project has completed the rehabilitation of approximately 50 homes.

2nd supplemental

St. Louis County - \$1,000,000 for planning related to economic development opportunity for Lambert Airport (China Hub).

St. Louis County - \$2,000,000 for child care facility in Wellston. Project is an economic enhancement as it assists working families with child care.

St. Louis (city) - \$2,060,338 for job training through St. Louis Community College. Program enhances STLCC's ability to provide job training as economic enhancement to the St. Louis area.

St. Louis (city) - \$880,000 on behalf of the St. Patrick Center to provide affordable rental housing.

St. Louis (city) - \$1,600,000 for affordable rental housing development in North Sarah neighborhood.

St. Louis (city) - \$2,750,000 for rehabilitation of affordable rental housing in South Dutchtown neighborhood.

St. Louis County - \$262,500 for planning related to economic development opportunities for vacant Chrysler Plant property.

Bellefontaine Neighbors - \$3,500,000 for demolition of blighted non-residential structures.

Ferguson - \$1,100,000 for acquisition/demolition of flood damaged properties.

University City - \$461,082 for acquisition/demolition of flood damaged properties.

Conclusion:

The following represents the major findings that can be made from the information provided above:

1. The information indicates large amounts of housing and neighborhoods impacted by weather related events for counties included in the Second Supplemental Disaster CDBG funding in the St. Louis, Joplin MSA (Newton and Jasper County) and Pettis County;
2. The information does not include housing and neighborhood impacts suffered in those counties for declared disasters that were not included in the Second Supplemental Disaster CDBG funding (indicating an already stressed housing market);
3. The information indicates not all disasters received Individual Assistance from FEMA and not all disasters received Public Assistance from FEMA;
4. The information indicates significant levels of uninsured homeowners impacted by the disasters;
5. The information indicates high levels of low and moderate income homeowners impacted by the disasters;
6. The information indicates significant public infrastructure impacted;
7. The information indicates debris and demolition not covered by FEMA and not covered by insurance leaving blighting conditions;
8. The average amount of FEMA Individual Housing Assistance provided for DR-1773, which included Pettis County was only \$4499 per household;.
9. The average amount of FEMA Individual Housing Assistance provided for DR's-1742,1749, and 1760 collectively was only \$3233 per household;
10. State CDBG funds have been used to date, for housing recovery in one instance for Newton County (which addressed 50 homes and no instances in Pettis County)

The impacts to housing including neighborhood amenities, public infrastructure, debris and subsequent blight, coupled with the lower averages of real property assistance provided under the FEMA Individual Assistance program and the few projects previously awarded under CDBG leave unmet need in each of the specified areas from 2008. This information provides the documentation and necessitates the modification of the Method of Distribution of the State Second Supplemental CDBG funds.

Additional HUD Opportunity for Amendment - P.L. 110-329

Housing includes any activity which leads to permanent housing, including new construction and rehabilitation of single family or multifamily units, either owned or rented. Mobile homes can also be rehabilitated if they are permanently attached. Economic revitalization is not limited to activities that are special economic development activities under CDBG, or to activities that create or retain jobs. It can include any activity (for which the grantee can make a reasonable case) that improves some aspect of the local economy. Examples of eligible activities include building new schools, making loans and grants to businesses, etc.

Even though housing and economic revitalization activities need not be directly related to recovery from the '08 disasters, like all CDBG disaster recovery activities, they **must**: (1) meet CDBG eligibility, (2) meet a national objective, and (3) be located in a county that was Presidentially-declared a disaster in 2008.

Specific Amendments to Existing Action Plan – because no eligible activities have changed since the original plan was approved, and since the application deadlines described in the original method of distribution have all passed, this amendment does not represent a substantial change to the plan, and therefore no public hearings are required and the amendment shall be sent directly to HUD.

Replace existing plan language that references a prohibition to non-federal share with the following:

SEC. 236. The matter under the heading “Community Development Fund”, under the heading “Community Planning and Development”, under the heading “Department of Housing and Urban Development” in chapter 10 of title I of division B of the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (Public Law 110-329; 122 Stat.3601) is amended by striking: “Provided further, that none of the funds provided under this heading may be used by a State or locality as a matching requirement, share, or contribution for any other Federal program”. This title may be cited as the “Department of Housing and Urban Development Appropriations Act, 2010”.

Application Evaluation Criteria:

To allow for applications to be received from eligible cities and counties on an open cycle basis that reflect eligible categories and unmet need. The applications evaluated by two or more DED staff using the specific criteria listed in the ActionPlan. Specifically:

- All applications will be evaluated for:
- need (the breadth and depth of the disaster in terms of population affected and sectors (housing, infrastructure, business, environment) affected within the community);
 - capacity (the degree of expertise and experience that the local government or contracted agency has to manage the project, administer the funds, and succeed with the outcomes and objectives defined in the application);

- the project's impact on short and long term community recovery (the amount of spin off, community awareness and support and degree to which the activities will lead to further recovery);
- local effort (cash, human resources, in-kind efforts);
- consistency with a local short and long term recovery plans;
- consistency with local and state floodplain management practices;
- project sustainability and future disaster mitigation (the degree to which activities are defined with sound construction practices, quality and durability, energy efficiency and flood control or flood resistance)
- Available funds.

Amendment #1 to Second Disaster Supplemental Action Plan

As part of the Second Disaster Supplemental CDBG Appropriation, the Department of Housing and Urban Development set aside funds for a Disaster Recovery Enhancement Fund (DREF). This funding was to assist states in meeting very specific unmet needs for which the initial disaster supplemental appropriation or other funding were not sufficient. The Missouri Department of Economic Development (DED) set aside \$5,000,000 from the Second Supplemental appropriation to meet two specific unmet needs:

1. Buyout of flood affected properties,
2. Forward thinking land use planning that guides long-term recovery and subsequent land use decision.

As a result of this \$5,000,000 set aside for these specific activities, Missouri received an additional \$5,000,000 from the DREF. This additional award may be used for any CDBG-eligible activity as identified in Missouri's original action plan for the Second Supplemental Appropriation.

Unmet Needs

CDBG Disaster Supplemental funds may be used to match FEMA funding for buyouts in areas eligible to receive CDBG Disaster funds (areas federally disaster-declared during 2008). Potential buyouts total an estimated \$6,000,000, with the required match for the local government being an estimated \$1,500,000. CDBG Disaster funds cannot replace FEMA funding when FEMA funding is available for a project.

Although planning is an eligible CDBG activity, funds have not been available to date to assist disaster affected areas with long term planning as related to disaster recovery and future use.

Proposed actions

DED proposes the following actions:

1. DED will accept proposals from eligible applicants for buyout projects. The priorities are established as follows:
 - a. Those buyouts proposing CDBG Disaster funding to assist in meeting the required match for FEMA funding (up to 25% of eligible buyout costs).
 - b. Those buyouts for which FEMA funding is not eligible or not available. CDBG Disaster funds are prohibited from being used for activities reimbursable by or for which funds are made available by the Federal Emergency Management Agency (FEMA).
2. DED will accept proposals from eligible applicants for land use planning that focuses on long term disaster recovery and subsequent land use.
 - a. Priority applications will be on behalf of the regional planning commissions and councils of government and will address land use planning in the disaster declared counties within the defined areas of the regional planning commission and/or council of government.

3. DED will use the additional \$5,000,000 for activities related to disaster relief, long-term recovery and restoration of infrastructure, housing and economic revitalization in the disaster declared areas, in accordance with the original state Disaster Supplemental action plan.

Distribution of the \$5 million between the two categories will be made based on the eligible application demand.

This amendment was made available on November 19, 2010 for a seven day comment period, which ended on November 26, 2010. Comments and questions were addressed to:

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Seven written comments were submitted within the allowable comment period; these are included with this amended action plan.

Purpose of this Supplemental Disaster Appropriation

The Consolidated Security, Disaster Assistance, and Continuing Appropriations Act (PL-110-329 and hereafter identified as the Second 2008 Act) appropriates over \$6 billion in CDBG funds for necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure, housing and economic revitalization in areas affected by hurricanes, flooding and other natural disasters that occurred during 2008, for which the President declared a major disaster under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The allocation awarded to Missouri from this Supplemental Appropriation is \$92,605,490. Of this allocation, an amount not less than \$10,372,631 must be used for affordable rental housing.

The Second 2008 Act states that the funds may not be used for activities reimbursable by or for which funds are made available by the Federal Emergency Management Agency (FEMA) or the Army Corps of Engineers. **Further, none of the funds may be used as the required match, share, or contribution for another federal program.**

Effect of the disaster and Missouri's recovery needs

2008 brought several weather related disasters to Missouri, including severe flooding in several areas and tornadoes and other severe storms in other areas.

There were six separate Presidentially-declared Disasters in Missouri during 2008.

At least 3,892 homes were affected by weather related events in 2008, with 1,839 being affected, 1,488 sustaining minor damage, 320 sustaining major damage, and 245 being destroyed. Early estimates of immediate public assistance needs totaled over \$42 million. See appendix for preliminary FEMA damage estimates.

At least 22 levees were affected by the flood; total estimated repair cost is \$36,139,000. U.S. Army Corps of Engineers funding will address the bulk of this; CDBG funding from the regular state program and from the First Supplemental Disaster Appropriation have assisted several communities in providing match for Corps funding. A portion of these levees are being addressed with existing CDBG funds, but total assistance needed by local governments and levee districts greatly exceeds existing funding.

At least two communities in northeast Missouri have reported businesses affected to the extent that buyout and relocation of these businesses is desired. The attached map shows the locations of businesses within the floodplain in northeast Missouri.

Widespread damage to public infrastructure has been reported by communities and regional planning commissions.

We have consulted with local governments, Regional Planning Commissions, the State Emergency Management Agency (SEMA) and the Federal Emergency Management Agency (FEMA) to determine the impacts of the disaster, and the proposed response.

Federally Designated Areas Eligible for Assistance (through this supplemental appropriation)

Missouri will be allocated \$92,605,490 in supplemental CDBG funding (in this appropriation) for 2008 disaster recovery. The federal disaster declarations that are relevant to this supplemental appropriation are 1742, 1748, 1749, 1760, 1773, and 1809. For areas eligible for assistance, please see attached FEMA maps of the six declared disasters, plus the DED map showing all declared areas in Missouri for 2008. All counties marked as designated during any 2008 disaster, as well as the cities within those designated counties, are eligible to apply for these supplemental funds. Areas not eligible for this funding include Benton, Caldwell, Clay, Clinton, DeKalb, Henry, Jackson and Lafayette counties.

Promotion of Short and Long Term Recovery Planning

Nearly 20,000 communities across the United States and its territories participate in the NFIP by adopting and enforcing floodplain management ordinances to reduce future flood damage. In exchange, the NFIP makes federally backed flood insurance available to homeowners, renters, and business owners in these communities. Community participation in the NFIP is voluntary.

At the request of FEMA, each Governor has designated an agency of State or territorial government to coordinate that State's or territory's NFIP activities. These agencies often assist communities in developing and adopting necessary floodplain management measures. In Missouri, this responsibility is the statutory responsibility of the Missouri State Emergency Management Agency (SEMA). As of November 2008, there is about \$4.26 billion in property coverage in force for some 605 Missouri communities that participate in the NFIP.

Flood insurance is designed to provide an alternative to disaster assistance to reduce the escalating costs of repairing damage to buildings and their contents caused by floods. Flood damage is reduced by nearly \$1 billion a year through communities implementing sound floodplain management requirements and property owners purchasing of flood insurance. Additionally, buildings constructed in compliance with NFIP building standards suffer approximately 80 percent less damage annually than those not built in compliance. And, every \$3 paid in flood insurance claims saves \$1 in disaster assistance payments.

In addition to providing flood insurance and reducing flood damages through floodplain management regulations, the NFIP identifies and maps the Nation's floodplains. Mapping flood hazards creates broad-based awareness of the flood hazards and provides the data needed for floodplain management programs and to actuarially rate new construction for flood insurance.

When the community chooses to join the NFIP, it must adopt and enforce minimum floodplain management standards for participation. FEMA works closely with State and

local officials to identify flood hazard areas and flood risks. The floodplain management requirements within the SFHA are designed to prevent new development from increasing the flood threat and to protect new and existing buildings from anticipated flood events.

The community must require permits for all development in the SFHA and ensure that construction materials and methods used will minimize future flood damage. Permit files must contain documentation to substantiate how buildings were actually constructed. In return, the Federal Government makes flood insurance available for almost every building and its contents within the community.

Communities also must ensure that their adopted floodplain management ordinance and enforcement procedures meet program requirements. Local regulations must be updated when additional data are provided by FEMA or when Federal or State standards are revised.

The regulatory requirements set forth by FEMA are the minimum measures acceptable for NFIP participation. More stringent requirements adopted by the local community or State take precedence over the minimum regulatory requirements established for flood insurance availability.

"Floodplain management measures" refers to an overall community program of corrective and preventive measures for reducing future flood damage. These measures take a variety of forms and generally include zoning, subdivision, or building requirements, and special-purpose floodplain ordinances.

The minimum federal requirements affect existing buildings only when an existing building is substantially damaged or improved. There may also be situations where a building has been constructed in accordance with a local floodplain management ordinance, and the owner subsequently alters it in violation of the local building code, without a permit. Such unapproved modifications to an existing building may not meet the minimum Federal requirements.

"Substantial damage" means damage of any origin sustained by a building when the cost of restoring the building to its pre-damaged condition would equal or exceed 50 percent of the market value of the building before the damage occurred. Substantial damage is determined regardless of the actual repair work performed. "Substantial improvement" means any rehabilitation, addition, or other improvement of a building when the cost of the improvement equals or exceeds 50 percent of the market value of the building before start of construction of the improvement. The term includes buildings that have incurred "substantial damage."

Substantial improvement or damage does not, however, include any project for improvement of a building to correct existing violations of State or local health, sanitary, or safety code specifications identified by local code enforcement officials as the minimum specifications necessary to assure safe living conditions. Also excluded from the substantial improvement requirement are alterations to historic buildings as defined by the NFIP.

Missouri has suffered through 14 Presidential Declarations during the last three years. After each disaster event, Missouri SEMA sent notices to each participating community in the declaration to remind them to perform a “substantial damage” survey of affected properties and notify the owner of each structure declared substantially damaged of the requirement to comply with the NFIP rules to meet the federal standards.

Promotion of high quality, durable, energy efficient, and mold resistant construction methods

All newly constructed, or rehabilitated, housing units must meet all locally adopted and enforced building codes, standards and ordinances.

Providing adequate, flood resistant housing for all income groups that live in the flood impacted areas

Missouri’s immediate response to the flood included state agencies and their partners such as the Red Cross, the Salvation Army, DSS, United Way-211 and other agencies that provided sheltering and housing assistance in the emergency phase.

Following was emergency assistance from the same partner agencies to assist displaced persons with rent, hotel stays or emergency minor home repair if they did not have insurance or their insurance was insufficient. The State Emergency Management Agency (SEMA) Flood Plain management staff assisted individuals and communities with flood insurance issues.

Debris removal teams, clean-up teams and emergency minor home repair teams went to work to return people to their homes when practical.

In areas where the disaster was federally declared, we then supported FEMA (with resources and in some cases with 25% cost share) to provide housing and home repair assistance.

Now the state is supporting thirty- plus community long-term recovery committees to assist residents with long term housing assistance to meet unmet disaster related housing needs whenever feasible. SEMA is coordinating, collaborating, communicating and cooperating with many may government and private agency partners to bring in funds, volunteers, materials and other resources to assist people relocate, rebuild, repair or appropriately address their housing needs.

SEMA and the Department of Economic Development are assisting communities with buy-out projects.

Homeless shelters and transitional housing units impacted by the flood are eligible for assistance through this plan, if these facilities are located outside the 100 year flood plain.

If they are/were located within the 100 year flood plain, the facility could be eligible for assistance in rebuilding outside the flood plain.

The disasters affecting Missouri in 2008 did not distinguish concerning the income levels or special needs of those who were affected. Special needs individuals were accommodated when needed.

Method of Distribution

The application for supplemental CDBG funding is available on the DED-BCS website: www.missouridevelopment.org. Proposal forms and guidelines were made available on August 12, 2009, with a due date (postmarked) of September 4, 2009.

Proposals related to affordable rental housing will be accepted in a separate competition with a due date of November 6, 2009. Priority activities are:

- rehabilitation of affordable rental housing units and,
- development of affordable rental housing that is in partnership with Low Income Housing Tax Credits (LIHTC) through the Missouri Housing Development Commission (MHDC).

A total of 241 proposals for infrastructure, disaster recovery and economic revitalization were received; they total \$224,894,976 in requested CDBG supplemental funding. See section below on application evaluation criteria.

Eligible Activities

All activities eligible in the regular CDBG program are eligible for CDBG disaster funding. A list of CDBG eligible activities is attached to this plan. **These supplemental disaster CDBG funds may not be used for activities reimbursable by or for which funds are made available by the Federal Emergency Management Agency (FEMA) or the Army Corps of Engineers. Further, none of these supplemental disaster CDBG funds may be used as the required match, share, or contribution for another federal program.**

The supplemental appropriation will have no specific set-asides for individual application categories. All applications will be evaluated on the criteria listed in the Application Evaluation section (see below).

The total supplemental appropriation is \$92,605,490. No less than \$10,372,631 must be used for affordable rental housing. The maximum amount that will be used for administration (both state and local) is \$4,630,275.

Projects related to disaster relief, long-term recovery and restoration of infrastructure, housing and economic revitalization in areas affected by presidentially declared disasters in 2008 are eligible for this funding. Proposed water or wastewater projects must still participate in the Missouri Water and Wastewater Review Committee process unless the proposed project is limited to direct disaster recovery.

List of eligible CDBG activities:

1. Property Acquisition
2. Property Disposition
3. Property Clearance
4. Architectural Barrier Removal

5. Senior Center
6. Community Facilities
7. Centers for the Handicapped
8. Historic Properties
9. Water Treatment
10. Sanitary Sewer Collection
11. Storm Sewers
12. Flood and Drainage Facilities
13. Streets (or Roads)
14. Street Accessories
15. Parking Facilities
16. Bridges
17. Sidewalks
18. Pedestrian Malls
19. Recycling or Conversion Facilities
20. Parks and Recreation Facilities
21. Fire Protection/Facility Equipment
22. Solid Waste Disposal Facilities
23. Other Utilities
24. Public Service/Supportive Services
25. Rehabilitation of Private Residential Properties
26. Rehabilitation of Public Residential Properties
27. Payments for Loss of Rental Income
28. Relocation
29. Code Enforcement
30. Energy Use Strategy
31. Non-Federal Share Payment
32. Interim Assistance
33. Planning
34. Commercial or Industrial Facilities
35. Administration
36. Engineering/Design
37. Housing Rehab Inspection
38. Engineering/Construction Inspection
40. Audit
41. Port Facility
42. Airports
43. Natural Gas Lines
44. Electrical Distribution Lines
45. Rail Spurs
46. Security Lighting
47. Other Professional Services
48. Security Fencing
49. Site Preparation
50. Purchase Land/Building
51. Facility Construction Renovation
52. Machinery/Equipment
53. Working Capital

54. Sewage Treatment
55. Homeownership Assistance
56. Legal
57. 911 Emergency Systems
60. New Housing Construction (allowable only on this supplemental)
61. Lead-Based Paint Evaluation
62. Asbestos Removal
63. Job Training*
64. Home-Ownership Counseling
65. Substantial Reconstruction of private residential properties on same lot
66. Water Distribution
67. Lead Reduction NOT incidental to rehab
68. Asbestos Inspection

Anti-Pirating

A limited waiver of the job relocation requirements allows assistance to a business located in another state or another market area within Missouri if the business was displaced from a declared area within Missouri by the disaster and wishes to return. This will assist areas affected by disaster to rebuild their employment base.

Guidelines for Application:

Unless otherwise noted in these guidelines, all CDBG rules apply to the use of the funds. The disaster recovery funds are intended for activities related to disaster relief, long-term recovery, and restoration of infrastructure, housing and economic revitalization, and they may not otherwise replace other federal, state, or local financial assistance available for any project.

Eligible applicants:

Only those cities and counties listed in Disaster Declarations DR-1742, DR-1748, DR-1749, DR-1760, DR-1773, and DR-1809 are eligible for these supplemental funds. Please see the map in the Appendix for eligible counties (which includes the cities within those declared counties).

Entitlement communities:

The DED may accept applications for these funds directly from entitlement communities within the declared counties of DR-1742, DR-1748, DR-1749, DR-1760, DR-1773, and DR-1809.

Duplication of Benefits:

Any use of the funds to assist homeowners, renters or businesses directly, must consider and deduct any duplication of benefits. Local governments applying for CDBG Supplemental funding must obtain this duplication of benefits information. The DED

will work with the FEMA Region VII offices and the State Emergency Management offices to assist local governments in determining any such duplication.

National Objective and LMI benefit requirement:

The national objective of LMI benefit is not entirely waived. Fifty percent of the funds allocated to Missouri must be used for activities that meet the LMI national objective of benefiting at least 51% of persons at 80 % of median household income or below. The LMI benefit may use area benefit, direct benefit (such as housing), jobs, or limited clientele. The other 50% of the funds may be used to meet either the national objective of slum/blight removal or urgent threat to health and safety (without regard to income). Each applicant will have to identify the proposed national objective and selections and awards will be made where the State can achieve compliance with the regulation.

CDBG application maximum

No maximum application amount for this funding was set. Applicants should leverage all available local funds and other state and/or federal funding, using proposed CDBG as a gap financing tool. Applicants should be aware of the restriction, described in the prior section, on using CDBG disaster supplemental funds as required match, share or contribution for another federal program.

Administration maximum:

Total administration for this Supplemental funding (both state and local administration) is capped at 5% of the total allocation. The State will cap local administration to be paid with CDBG (per project) at 2.5% of the CDBG-eligible project costs. The remaining 2.5% will be used for state administrative costs.

Citizen Participation (state):

The DED drafted this action plan for the use of the funds and posted the plan on the website on August 28, 2009 with notification to Regional Planning Commissions and local media for a comment period of 7 days (ending on September 4, 2009). All comments will be reviewed and incorporated into the draft plan for submission to HUD.

Citizen Participation (local):

There are no local public hearings required for the applicants to this fund. Access by citizens to open records at the local level is required.

However, local governments applying for CDBG Disaster Supplemental funding need to be aware that all citizens must have equal access to information about these programs. Each local government applying for and receiving CDBG Supplemental funding must ensure that limited English proficient (LEP) speaking populations within their jurisdictions are aware of the program, and that program information is available in the appropriate language for the area served.

Reporting:

Each successful grantee will be required to provide reporting on a quarterly basis on a form provided by the DED. The DED will aggregate the reports and provide them to HUD through their DRGR online reporting system as required by the regulation.

Housing Activities:

- New housing construction is an eligible activity with these funds.
- Homeownership assistance may be used for families whose income is up to **120 percent** (not 80%) of the counties median household income.
- Down payment assistance may be as high as 100 percent (not 50%).
- The arms length voluntary purchase requirement by a person that does not have the power of eminent domain is waived for purchase of a principle residence.
- The URA requirements of financial assistance sufficient to reduce a displaced persons rent and utility costs to 30 percent of household income is waived.
- The URA requirement to use the moving expense and relocation allowance schedule published by the Federal Highway Administration is waived provided a reasonable allowance is made.
- Section 104(d), the one for one replacement requirement for demolished of converted low and moderate income housing is waived.
- The relocation assistance requirements under 104 (d) are waived and relocation assistance calculations may use the URA standard for all persons.

Application evaluation:

All applications will be evaluated for:

- need (the breadth and depth of the disaster in terms of population affected and sectors (housing, infrastructure, business, environment) affected within the community);
- capacity (the degree of expertise and experience that the local government or contracted agency has to manage the project, administer the funds, and succeed with the outcomes and objectives defined in the application);
- the project's impact on short and long term community recovery (the amount of spin off, community awareness and support and degree to which the activities will lead to further recovery);
- local effort (cash, human resources, in-kind efforts);
- consistency with a local short and long term recovery plans;
- consistency with local and state floodplain management practices;
- project sustainability and future disaster mitigation (the degree to which activities are defined with sound construction practices, quality and durability, energy efficiency and flood control or flood resistance)
- Available funds.

Buyouts:

- Communities must indicate whether they are paying pre-flood acquisition prices or post flood acquisition prices for properties. A uniform use of either method must be made within any applicant community.
- Relocation amounts proposed along with post flood purchases may not exceed \$25,000. The calculation of a relocation payment used with a post flood acquisition payment is typically:
 - Amount of comparable decent safe and sanitary home outside the floodplain
 - Less insurance
 - Less any FEMA real property payments
 - Less post flood acquisition amount paid
 - Equals the actual calculated amount or \$25,000, whichever is less.
- Duplication of benefits includes any FEMA real property payments and private insurance. Any calculation of buyout assistance must deduct these amounts.
- All properties acquired must deed restrict future use to only those activities allowed under Section 404(b)(2) of the Robert T. Stafford Act.
- CDBG Supplemental funds cannot be used to match FEMA funding and cannot be used to replace FEMA funding.

Flood Insurance/Floodplain Restrictions:

Funds may not be used for persons who may have received previous federal assistance (including loans) where purchase and maintenance of flood insurance was a requirement, and have since allowed that flood insurance to lapse.

All grantees must inform participating property owners of the future requirements to purchase and maintain flood insurance.

No funds may be used for any activities in areas delineated as a special flood hazard area 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.

Program Income

Program income is defined as gross income received by a state, local government, or subrecipient that is generated from the use of CDBG funds. If program income is generated by an activity that was only partially funded by CDBG, the income is prorated to reflect the percentage of CDBG used.

Program income includes, but is not limited to, proceeds from the sale of real property acquired or improved with CDBG funds, income from the use or rental of property acquired with CDBG funds, and payments of principal and interest on loans made using CDBG funds.

If program income is earned by a local government or subrecipient, the program income (upon DED approval) may be retained by the local government or subrecipient for

activities eligible under this Supplemental CDBG plan. The local government or subrecipient may elect to return the program income to the state, and will be required to return the program income to the state if no eligible activities exist on which to expend the program income, or if DED does not approve the local request to use the program income. Upon receipt by the state, program income will be awarded to local governments under the requirements of this Supplemental CDBG plan.

Monitoring

Monitoring checklists of all compliance areas have evolved over the years of administering the Community Development Block Grant by state staff. These checklists are provided to all grantees during the initial training for grant administration to clarify compliance requirements and to inform the grantees of the areas to be monitored. From the beginning, the grantee has been required to submit to the state field representative for that area all required ordinances/resolutions involving excessive force, anti-lobbying, and fair housing; all financial paperwork setting up the grant; and enough environmental paperwork to be able to allow the release of funds. All federal wage determinations are requested through the CDBG office to assure compliance with labor standards. Start of construction notices must be sent, along with the grantee checking the federal debarred contractors' list, the contractor's certification to do business in Missouri, and documentation of the contractor's approved surety through the state. The field representative will evaluate the new project in terms of risk or need for oversight or assistance. This evaluation will include the grantee's past performance, the administrator's track record, the complexity of the project, and the amount of CDBG assistance awarded. The field representative will decide, with the consensus of program management, whether the project requires one or two field monitorings. The field monitorings will take place at strategic times in the life of the project. An interim monitoring is set up after the first construction payroll is received by staff on public facilities projects or after first houses are completed on neighborhood development projects. A closeout monitoring is conducted any time after 80% draw-down of funds has occurred.

Technical assistance visits may be scheduled any time necessary, in addition to the required monitoring visit. For economic development grantees, transition meetings are conducted in the field after initial award commitment to introduce the compliance field representative and confirm to all parties involved the intricacies of the grant conditions. Training is conducted on **internal monitoring**, as well as stressed in the administrative manual of the CDBG program. The four primary components of CDBG monitoring are progress on planned activities, program compliance, fiscal management, and fiscal compliance. It is the responsibility of each CDBG grant recipient to develop a system to assure that the financial and program compliance provisions established by federal and state law and supporting regulations and provisions are met. In addition to complying with all appropriate provisions, recipients must be assured that outside contractors and delegate agencies are likewise in compliance with the various laws and regulations. This will require development of a monitoring system that will allow recipients to:

- Manage their community development program as a whole, and individual projects and activities substantially, as described in the approved CDBG application;
- Maintain program or project progress;
- Determine that costs charged to the project are eligible;
- Document non-duplication of benefits (in addition, DED will work closely with FEMA and the State Emergency Management Agency to get recipient data in order to avoid duplication of benefits);
- Ensure that all program activities comply with all applicable laws and regulations and terms of the grant agreement; and
- Minimize the opportunity for fraud, waste, and mismanagement.

In addition, as required, the Supplemental CDBG funding will be included in the Department's Single Audit, which is performed by the Missouri State Auditor, whose report is then provided to the Governor and the Director of the Department of Economic Development.

Amendments to this Plan

A Substantial Amendment to this Plan will be required should a planned activity be eliminated, a new eligible activity added, and/or the planned beneficiaries of an activity be changed. Such a Substantial Amendment will be prepared in accordance with the Federal Register notice dated February 13, 2009 which specified the required steps to prepare this Action Plan for Supplemental Disaster CDBG funding.

STATE CERTIFICATIONS

APPENDIX

FEMA summaries of damage for each of Missouri's 6 Presidentially declared disasters during 2008.

Map showing eligible areas (all areas presidentially declared during 2008)

