

# **State of Missouri: Action Plan for (2017) Disaster Recovery (DR-4317)**

## **Action Plan Amendment 2 (APA2)**

**Missouri Department of Economic Development  
Business and Community Solutions**

**Draft for Public Comment  
Public Comment Period July 3 – August 1, 2020**

The State will hold multiple Virtual Meetings/Conference Calls in order to carry out Public Hearings during the Comment Period. Notification of these meetings will be announced via DED Communications.

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## I. Background and Summary of Changes

On August 14, 2018, the United States Department of Housing and Urban Development (HUD) allocated \$58,535,000 in Community Development Block Grant-Disaster Recovery (CDBG-DR) funds to the State of Missouri to support Missouri's unmet recovery needs, related to the Federal Emergency Management Agency (FEMA) Major Disaster Declarations DR-4317 that occurred April 28-May 11, 2017.

On January 27, 2020, HUD allocated an additional \$9,847,018 of CDBG-DR funding to the State to address Missouri's unmet infrastructure recovery needs, related to the aforementioned FEMA Major Disaster Declarations: DR-4317.

The Missouri Department of Economic Development (DED) is administering the CDBG-DR grant from HUD. The goals and objectives for the State's Local Voluntary Buyout and Downpayment Assistance Programs are implemented by units of general local government through the State's Method of Distribution. The State is directly implementing the goals and objectives for new construction of multi-family affordable housing. These programs are described in the State's amended, HUD-approved Action Plan Amendment 1 (APA1). Through this Action Plan Amendment, Number 2 (APA2), the State incorporates the \$9,847,018 supplemental allocation into the Action Plan to address unmet infrastructure recovery needs.

Included in the most recent, HUD-approved Action Plan (approximately on p.43 is a reference to future infrastructure funds being available).

*NOTE: The State CDBG Program Method of Distribution for funding under the categories of Infrastructure and Economic Revitalization will come as an amendment to this Action Plan. 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.*

In reference to the note above, APA 2 is a substantial amendment since it proposes creating a new program and removing program activities from the most recent, HUD-approved Action Plan. These changes justify a substantial amendment, articulated in the initial Action Plan, and required by HUD in the January 27, 2020, Federal Register Notice (FRN). Missouri submits this Action Plan Amendment to outline its unmet needs for infrastructure 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.

APA 2 is due to HUD on August 1, 2020 and will be available for public comment for 30 days, prior to submission to HUD.

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A summary of the changes the State of Missouri proposes to make in APA 2 to address Missouri's ongoing, unmet recovery needs, follows below. All proposed changes, both additions and deletions, will be updated in the complete version of the most recent, HUD approved Action Plan and submitted to HUD as Action Plan Amendment 2. Upon submission to HUD, the updated complete version of Action Plan Amendment 2 will be posted on the DED CDBG-DR website.

### 1. New Infrastructure Program (add)

The State proposes creating a new infrastructure program dedicated to help address the ongoing unmet infrastructure needs of local communities. This program provides funding projects identified by local communities impacted by DR-4317-MO.

### 2. Public Services (remove)

Public Services activities were not requested during the application phase held in September 2019. The State transfers the prior allocated \$1,525,000 from Public Services to the Disaster Recovery Housing Program for single family that includes the voluntary local buyout and acquisition programs.

### 3. Homeownership and Renter/Tenant Assistance Programs (remove)

The, Homeownership and Renter/Tenant Assistance Program originally articulated in the initial Action Plan, will be eliminated. No funds to date have been awarded for the housing rehabilitation and/or reconstruction activities included in the Homeownership and Renter/Tenant Assistance Program.

Public Law 115-123 required the State of Missouri to prioritize housing recovery, however the State has determined after the general application process conducted fall of 2019 that the application process substantiates the State's priority to move households from harm's way and mitigate against future loss of life and property, opposed to rehabilitation or reconstruction of housing in the floodplain or disaster risk reduction area. The eligible applicants for the general application were the eligible units of local governments located in the fifty-five declared counties. The application process was conducted prior to the household intake application but resulted in a very minimal request for housing rehabilitation. The application period was conducted twenty-nine months post-disaster. The general application requests proved removing households from harm's way presented as the larger unmet housing need. The application process served as an update to the initial unmet needs assessment, given that the application was held twenty-nine months post-disaster. Considering the State's limited capacity to administratively develop the Housing Rehabilitation program activities and provide oversight for this minimal request, the State chose not to fund the Rehabilitation and Reconstruction activities requested in the general local government application. Due to the general application requests presenting unmet needs for local voluntary buyout activities and Downpayment Assistance in excess of the State's available CDBG-DR funds, the State will continue to reallocate the budgeted Disaster Recovery Housing funds to those units of general local government that did not initially receive full funding of their application request, given that the unit of general local government continues to present unmet housing needs

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documenting tie-back to the April 28-May 11, 2017 event.

Due to the elimination of the Rehabilitation and Reconstruction activities, **all sections and references to Rehabilitation and Reconstruction** included in the most recent HUD approved Action Plan Amendment 1 will be deleted. The **Temporary Location Assistance** is related to these activities and all references will also be deleted.

#### 4. Vulnerable Population Unmet Needs (remove)

The most recent, HUD approved Action Plan Amendment (APA1) includes a budget to fund the new construction, expansion, or rehabilitation of existing housing facilities that are targeted to homeless individuals or families (including but not limited to emergency shelters, transitional housing, or acquisition of rental housing or construction or rehabilitation of rental housing).

Due to the results of the application phase where the unmet needs for voluntary local buyouts was in excess of the available CDBG-DR funds, the State prioritized funding the voluntary local buyout activities in order to move households out of harm's way.

Due to expectations that the State will continue to reallocate Housing funds for voluntary local buyout program activities, the State does not anticipate funds being available to fund the activities as described above.

Vulnerable populations will receive priority for housing assistance within the voluntary local buyout program and the Downpayment Assistance program.

#### 5. Clarifications to the Local Voluntary Buyout Program – Revisions

The program requirements prioritize LMI households and Vulnerable Population Households. Owner occupied homes are prioritized until unmet housing needs are exhausted for owner occupied homes. If unmet housing needs for LMI households and vulnerable populations are exhausted, the local jurisdiction may process the waiting list that contains applicants who qualify under the Urgent Need National Objective. In order to ensure the allocation requirements for 70% of the allocation to meet the LMI National Objective, DED must grant approval for a local jurisdiction to process a household that meets the Urgent Need National Objective. All references to the local voluntary buyout program will be updated accordingly.

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## Proposed Allocation Budget Revisions

Table 1: Summary of Changes for 2017 CDBG-DR Allocation. The chart below illustrates the summary of changes illustrating where the funds are coming from and where they are moving to.

Category	APA1 Unmet Need	APA 2 Unmet Need	Change In Unmet Need
State Administration	\$2,926,750	\$3,419,100.90	State Administration allocation is increasing due to HUD awarding additional funds for infrastructure unmet needs
Public Services	\$1,575,000	\$0.00	Public Services Activity funds moving to e Housing s for local Voluntary Buyout Program and Downpayment Assistance program
Housing Activities for Voluntary Buyout and Downpayment Assistance	\$27,583,250	\$2,910,8250	Budget Housing funds for local Voluntary Buyout Program and Downpayment Assistance program increase by the net decrease from Public Services activities.
Infrastructure for Unmet Needs	\$0.00	9,354,661.10	Additional award for infrastructure <b>9,847,018 minus State Administration allowance (above)</b>

## Proposed Use of Funds

Table 1: Revised Budget Allocation Table

Program	Initial Action Plan Program Allocation	Percentage of Total	Action Plan Amendment1 Allocation	Percentage of Total	Change
<b>State Administration</b>	2,926,750	5%	3,419,100.90	5%	492,350.90
<b>Planning</b>	1,500,000	2.5%	1,500,000	2.2%	0.00
<b>Public Service</b>	1,525,000	2.5%	0.00	0%	(1,525,000)
<b>Housing Programs</b>	52,583,250	90%	54,108,250	79.2%	1,525,000
Owner Occupied	27583250		29108250*		
Multifamily	25,000,000		25,000,000*		
<b>Infrastructure Program</b>	0.00	0%	9,354,667.1	13.6%	9,334,697
<b>Total CDBG-DR Funds</b>	<b>58,535,000</b>	<b>100%</b>	<b>68,382,018</b>	<b>100%</b>	<b>9,847,018</b>

\*included in the total for Housing Programs

Currently, the DED is administering the housing activities that are underway. DED has awarded seven (7) projects for local Voluntary Buyout Programs that include a relocation incentive for eligible households. Local governments are implementing these project activities. DED is directly implementing the Multifamily 6/30/2020

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Affordable Housing Program. With projects underway, there will be the need to reallocate funds between projects as need is met in one community and may remain in another. The housing intake application phase is serving as a tool to update the unmet need for housing. The intake application phase for all awarded communities will end by August 30, 2020. DED will continue to reallocate the housing funds for local voluntary buyouts and multifamily affordable housing. The funds will be reallocated in line with the percentages determined by the initial scoring (using the evaluation matrix included in the Action Plan) versus DED conducting a second application as long as the first awards continue to present unmet housing needs.

### 1. New Program

#### Infrastructure Program

Eligible Activity: Activities that rebuild or replace impacted public infrastructure that demonstrates a tie-back to the DR-4317 event. (42 U.S.C. 5305(a)(2)(9)).

Eligible Applicant: The eligible applicants for Infrastructure Program funds are city and county governments that received infrastructure damages from the DR-4317 disaster event.

National Objective: LMI and Urgent need

Program Budget: \$9,334,697 with no less than \$7,878,000 expended in the MID

Proposed Start Date: 2021

Proposed End Date: 2024

Proposed Maximum Threshold: No project maximums.

Responsible Entity for Implementation: Local Government Subgrantees – Competitive awards based on applications.

Environmental Review requirements: If any choice-limiting actions have occurred the application will be considered ineligible.

#### Program Summary

On January 27, 2020, HUD allocated an additional **\$9,847,018** of CDBG-DR funding to support the State of Missouri's unmet infrastructure recovery needs related to the FEMA Major Disaster Declaration DR-4317 that occurred April 28-May 11, 2017. Through APA 2, the State is proposing to allocate \$9,334,697 of the supplemental allocation to address infrastructure unmet recovery needs by creating a new Infrastructure Program that includes multiple activities to further address unmet infrastructure needs.

At least 80 percent of the total funds provided to the State, under the federal register notice, 85 FR 4681, must address unmet disaster needs within the HUD-identified most impacted and distressed areas (MID). In the initial federal register notice for the April 28-May 11 event, HUD identifies following five zip codes across the southern part of the State as the MID: 63935, 63965, 64850, 65616, and 65775. The remaining 20 percent may be available in all fifty-five declared



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counties for MO-DR-4317.

The purpose of CDBG-DR funds is to focus on long-term recovery efforts and to provide the last defense funding to address unmet needs that other federal programs have not yet addressed. The funds supplement and fill remaining gaps; but, CDBG-DR funds cannot supplant other federal funds. The State will make Infrastructure Program funding available to impacted jurisdictions based on eligible jurisdictions (55 declared counties) having an opportunity to submit eligible Infrastructure Program projects through an application process. The application process requires the jurisdictions to prioritize the requests, in the event that not all projects are eligible or can be funded. DED encourages local governments submitting applications to consider the costs and benefits of the project when selecting CDBG-DR eligible projects. This will be completed by requiring applicants to perform a community unmet needs survey at the start of the application phase. The assessment should prove that the prioritization of the selected proposed projects provide the greatest impact for the community and the best use of funds.

The application process, as well as the prioritization criteria will be fully defined in the Infrastructure Program policies and procedures. Policy and procedures will also ensure infrastructure activities will avoid disproportionate impact on vulnerable populations.

The policies and procedures will address controls for assuring construction costs are consistent with market cost at the time and place of construction. The State will require local government grantees to require construction contractors to implement cost control measures or verify that reimbursable costs are correctly controlled during the project. 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.

A duplication of benefits occurs when a local government receives financial assistance from multiple sources for a cumulative amount that exceeds the total need for a particular recovery purpose. In accordance with the Robert T. Stafford Act, as amended, DED will conduct a duplication of benefits (DOB) review during the application phase. DED will require that all sources (federal, state, local private, and/or charitable) of disaster assistance received or reasonably anticipated are documented. DED will continue to monitor and review information provided during the lifecycle of an awarded project. If duplicative funding occurs, the additional funds provided by CDBG-DR must be subrogated back to DED.

### Infrastructure Unmet Needs

Unmet Needs for Infrastructure Recovery in MID Fall 2018	FEMA Project Amount Completed by Fall 2018	Missouri (regular) CDBG Program Funded Infrastructure Projects in MID	Existing Unmet Needs for Infrastructure Recovery in MID – Survey Updated March 2020 <sup>1</sup>
\$18,507,500	\$13,655,039	\$4,320,043	\$20,406,956

<sup>1</sup>Survey completed by MID RPCs/COGs. This survey represents the existing unmet needs for infrastructure in the MID to the best of

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DED's knowledge.

The State's Regional Planning Commissions and Councils of Governments located in the MID provided the following summaries:

### **Ozark Foothills Regional Planning Commission (63965 & 63935 MIDs)**

Ripley and Carter Counties within the Ozark Foothills region have been inundated with riverine and flash flooding disasters since 2008. Tourism is the primary economic driver in both counties due to the thousands of river enthusiasts that flock to the region during the summer season to recreate on the Current River. However, the river is also the cause of devastating floods, crippling the economies of both counties. The most recent disaster, DR-4317 in 2017, was the most costly and damaging flooding disaster since the early 1900's. The largest city in the two counties is Doniphan, MO with a population just at 2,000. The counties, and the cities within, do not have the funds it will take to make large-scale improvements to infrastructure that has been continually damaged by flooding since 2008. CDBG-DR Disaster Recovery funds are essential to implement these needed projects in some of the most economically challenged counties in Missouri.

### **South Central Ozark Council of Governments (65775 MID)**

Howell County and its municipalities have been repetitively affected by natural disasters, in particular flash flooding, over the last two decades. The most impacted properties during these events have been public infrastructure. The local governments have been unable to effectively implement mitigation strategies due to scarce local funding and inflexible federal public assistance guidelines. The bank erosion is threatening the structural integrity of the sewage lagoons and needs to be stabilized to mitigate future erosion and potential collapse. The use of CDBG Disaster Recovery to successfully implement infrastructure projects incorporating mitigation measures would be a significant benefit to local communities and citizens.

### **Southwest Missouri Council of Governments (65616 MID)**

Taney County and its municipalities within the 65616 MID as identified by CDBG have been severely affected by repetitive natural disasters, especially flooding. In 2017 the City of Branson was forced to implement temporary flood mitigation efforts to mitigate impacts to the regional wastewater treatment plant that serves nearly 11,000 residential and commercial connections. Many communities experienced temporary and extreme flooding of roads and public areas, some with permanent washout damage to the infrastructure. The region also has a significant need for infrastructure that supports housing to prevent temporary and/or permanent homelessness as a result of flooding events. These flooding events have resulted in residents seeking semi-permanent housing in long-term hotels after DR-4317 due to lack of adequate housing to absorb displaced residents.

### **Harry S Truman Coordinating Council (64850 MID)**

Newton County and its municipalities have been repetitively affected by natural disasters, and in particular, flash flooding over a span of two decades. The most impacted property during these events has been public infrastructure. The local governments have been unable to effectively implement mitigation strategies due to scarce local funding and inflexible federal public assistance guidelines. The use of CDBG-Disaster Recovery funds to successfully implement infrastructure



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mitigation projects would be a significant benefit to local communities and citizens within Newton County.

### **Infrastructure Program Activities**

Infrastructure Program activities will be used to fund infrastructure projects that address identified unmet disaster recovery needs demonstrating a tie-back to DR-4317 and increase the resilience of cities and counties that are not funded by other federal recovery programs.

Projects funded under this program may include, but are not limited to, water/sewer/stormwater, streets/bridges, drainage systems and facilities. The Infrastructure Program proposes to fund roads and bridges, stormwater management, and other unmet needs for infrastructure that meet eligibility requirements as stated above. (42 U.S.C. 5305(a)(2)(9)) Ineligible activities and applicant eligibility criteria will be defined in the application guidelines. Program policies and procedures will be established that outline the requirements of the program and rules for specific projects, including general eligibility, specific eligible and ineligible costs, and the criteria for evaluating project applications.

DED will approve applications for the use of funds with local governments and provide technical assistance and oversight to ensure that local governments receiving funds execute their infrastructure recovery effectively.

Specifically, DED encourages local governments to leverage funds and incorporate mitigation measures to reduce future risk to the jurisdiction. The application process will require a preliminary engineering report. DED will rely on professional engineers, procured by the local government, to employ adaptable and reliable technologies to guard against premature obsolescence of infrastructure and ensure that the construction or rehabilitation of stormwater management systems in flood areas will mitigate future flood risk. DED will evaluate each application to ensure alignment with other planned state or local capital improvements and infrastructure efforts.

To be eligible for CDBG-DR funding, all projects must have a tie-back to the DR-4317 disaster events. Program policies and procedures will be established that outline the requirements of the program and rules for specific projects, including general eligibility, specific eligible and ineligible costs, and the criteria for evaluating project applications.

In regard to DED encouraging leveraging CDBG-DR and CDBG-MIT (Mitigation) funds, since CDBG-MIT projects aren't required to tie-back to the specific disaster, DED will define a clear process in its policies and procedures for projects proposing to leverage CDBG-DR and CDBG-MIT in order for the CDBG-DR funding to demonstrate the tie-back to DR-4317.

All infrastructure projects will require a completed environmental review by the subgrantee/subrecipients.

### *All Projects*

DED will review all project applications to determine eligibility and provide technical assistance and oversight to ensure that local governments receiving funds execute their CDBG-DR infrastructure recovery projects effectively.

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DED will provide high-level technical assistance to eligible jurisdictions, to ensure proper oversight of the program and compliance of individual projects. Eligible cities and counties may work in coordination with other local entities with projects that may qualify under the Infrastructure Program. Local jurisdictions will be responsible for implementation and oversight of approved projects, with regular oversight and monitoring by DED.

Projects must be compliant with applicable CDBG regulations, waivers, and alternative requirements identified in Federal Register Notices 83 FR 40314 (publication date: August 14, 2018) and 85 FR 4681 (publication date: January 27, 2020) and must have a tie-back to the DR-4317 disaster event. Local jurisdictions may either follow the state's plan to minimize displacement or develop their own with the state's and public's approval. Projects selected should be designed to improve and support infrastructure recovery, serving those with the greatest need.

### **National Objective**

Infrastructure funded projects must meet a CDBG national objective and applicable CDBG-DR requirements. Infrastructure funding requires a case-by-case analysis of each project for meeting these requirements.

DED funded infrastructure projects serve indirect beneficiaries and must either benefit a low- and -moderate income area (LMA) or qualify for the urgent need national objective, with the exception that infrastructure supporting multifamily housing may serve as an activity serving direct beneficiaries. It is the responsibility of the local government to substantiate the project's national objective. As stated in the unmet needs assessment, the vast majority of counties designated within DR-4317 do not meet the threshold of 51 percent of residents qualifying as LMI persons, but depending on the service area of project, it is possible that a project in a non-LMI area may benefit an LMA. All projects submitted as meeting the LMA national objective will be evaluated by DED based on the project's service area to determine if there is a benefit to an LMA. If the local government determines a project does not qualify as LMA, and submits a project as meeting the urgent need national objective, the project will be evaluated by DED to determine if it meets the urgent need national objective. Due to the requirement for the State's entire allocation to be expended meeting the LMA National Objective, DED may be unable to approve a project that can only meet the National Objective with the urgent need national objective.

### **Prioritization & Criteria for Selection**

DED will make Infrastructure Program funding available to impacted jurisdictions based on an application process for impacted municipalities to request funding for unmet infrastructure needs. The application process will also require the jurisdictions to prioritize the requests in the event that not all projects are eligible or can be funded.

Prioritization criteria will be fully defined in the policies and procedures. Due to requirement that 80 percent of funds must serve MID areas and 70 percent of the total allocation must benefit LMI, DED will prioritize the projects located within the MID and qualify as LMI as the highest priority, LMI projects that do not serve the MID will be given second priority, projects located in the MID that do not serve LMI areas will be given third priority, and non-LMI and non-MID projects will be given fourth priority.

DED will provide technical assistance and coordinate closely with local governments during the

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application phase. Once applications have been reviewed, DED will provide funds to the local government for the delivery of infrastructure projects in accordance with a Grant Agreement with the local government.

### Citizen Participation

APA 2 will be available for public review and comment for thirty (30) days from July 3 through 5:00 p.m. Central Standard Time on August 1, 2020.

Comments can be submitted by the following methods:

- Electronic mail to; [mocdbg@ded.mo.gov](mailto:mocdbg@ded.mo.gov)
- Post mail to Disaster Recovery Section, Attn: CDBG-DR Action Plan Amendment Comments, PO Box 118, Jefferson City, MO 65102-0118

If submitting comments via regular post mail, please factor delivery time into your mailing date. As above, all comments must be in writing and **received by DED by 5:00 p.m. Central Standard Time on August 1, 2020.**

Residents who require a reasonable accommodation or other assistance to fully participate in the public comment process can request assistance by contacting the DED Disaster Recovery Section via 573-751-3600 or the same methods listed above, for submission of public comments.

DED will consider all public comments received, timely and in writing, via e-mail and post mail, regarding this Action Plan Amendment 2. DED will make public comments available to citizens, public agencies, and other interested parties upon request.

A summary of all comments received, timely, will be included in the final Substantial Action Plan Amendment, Number 2, submitted to HUD for approval.

### **Substantial Amendment**

Substantial Amendments to the CDBG-DR Action Plan will require at least 30-days of public notice. The public notice will be made in the same manner as prescribed in this document. The thresholds for a substantial amendment are as follows:

Action Plan – an amendment shall be considered substantial (requiring public notification and comment period) in the following events:

- a new funding source be added to the Plan
- the addition or deletion of an activity
- change in program benefit or eligibility criteria
- the allocation for a new funding category or reallocation of a monetary threshold more than 25% of the allocation transferred between funding categories not to exceed HUD established maximums