

State of Missouri:

DRAFT Action Plan for Disaster Recovery (DR-4317) Amendment 1 – Amended October 2019

Summary

Purpose: DED deems the changes to the Action Plan included in this summary of changes meet the criteria for a substantial amendment. Therefore, the State is publishing this proposed Action Plan Amendment 1 (APA 1) for a 30-day public comment period. Applicant Eligibility. DED has made a change to the application process by defining the application cycle with a start date and end date for submissions. During this defined application cycle, August 26, 2019 to October 25, 2019, applications for activities other than multifamily affordable rental recovery will be accepted. DED has changed policy in regard to eligible applicants, to also include developers or development teams who request to leverage CDBG-DR funds within the application for multifamily funding (rental production) opportunities to the Missouri Housing Development Commission as identified by the 2019 MHDC Qualified Allocation Plan. Initially DED budgeted up to \$52,583,250 for Housing Recovery Activities, which included activities for multifamily housing affordable rental recovery. With the revised program design as stated above, DED now has a set-aside of \$25,000,000 for multifamily/affordable rental recovery. The available budget for all other housing activities described in the action plan is \$27,583,250.

Background: The State of Missouri received a Supplemental Disaster Appropriation of Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD), via Public Law 115-123, in 2018. **The Supplemental Disaster funds are referred to as Community Development Block Grant Disaster Recovery funds (CDBG-DR)** The allocation was appropriated under HUD's Federal Register Notice published on Tuesday, August 14, 2018 at 83 FR 40314; and the Federal Register Notice published on Friday, February 9, 2018, at 83 FR 5844 (prior notice) that describe the allocation's applicable waivers and alternative requirements. The CDBG-DR funds are available to address unmet needs related to disaster relief, long-term recovery, restoration of infrastructure and housing, economic revitalization, and mitigation in the "**most impacted and distressed**" areas (**MID**) (identified by HUD using the best available data) resulting from a major declared disaster that occurred in 2017. All CDBG-DR funded activities must clearly address an impact of the disaster for which funding was allocated. This means each activity must:

1. Be a CDBG eligible activity (or be eligible under a waiver of alternative requirement in applicable Federal Register Notices;
2. Meet a National Objective, and
3. Address a direct or indirect impact from the major disaster in a Presidentially declared county.

Both Federal Register Notices require that the State primarily consider and address its unmet housing recovery needs. After the State demonstrates through need assessments that there is no remaining unmet housing need or that the remaining unmet housing need will be addressed by other sources of funds, the remainder of the allocation may address unmet economic revitalization and infrastructure needs that are unrelated to unmet housing needs.

The overall benefit requirement for the CDBG-DR funds follows the statute requirement under the HCD Act (42 U.S.C. 5301(c) for the CDBG program. The statute requires that not less than 70 percent of the aggregate of CDBG program funds be used to support activities benefitting low-and moderate-income persons. Under HUD's Federal Register Notice published February 9, 2018, the 70 percent overall benefit requirement shall remain in effect for this allocation. Further requirements under Federal Register Notice 83 FR 40314, include that at least 80 percent of the allocation, no less than \$46,828,000, must address unmet disaster needs, specifically addressing unmet housing needs as priority, within the HUD-identified most impacted and distressed areas, identified by zip codes: 63935, 63965, 64850, 65616, and 65775.

This Action Plan outlines the use of those CDBG-DR funds in a manner that directly addresses the unmet need. The focus initially is on housing, as required in the Federal Register that describe the allocation's applicable waivers and alternative requirements. 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.

Need for Amendment

Once an action plan for CDBG or Disaster funding is adopted, it may be necessary to amend such plan. The action plan for the unmet housing needs DR-4317 CDBG-DR funds specifies what constitutes a substantial amendment to the plan.

Substantial Amendments to the Action Plan will require 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 indicated:

1. Action Plan – an amendment shall be considered substantial (requiring public notification and comment period) in the following events:
 - a. a new funding source be added to the Plan
 - b. the addition or deletion of an activity
 - c. a change in program benefit or eligibility criteria
 - d. 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

DED considers that the following changes to the Action Plan meet the criteria for a substantial amendment. Therefore, the State is publishing this proposed Action Plan Amendment 1 (APA 1) for a 30-day public comment period.

Availability to the Public

The state will provide the Action Plan, as adopted, substantial amendments, and the performance reports to the public, including materials in a form accessible to persons with disabilities, upon request. These documents are made available to the public electronically at www.ded.mo.gov

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Hearings were scheduled to address the draft amendment and discuss the 30-day public comment period available for public comment regarding the proposed changes. Public notification of the *2019 Public Meeting Notice* for the hearing was emailed via DED Communications and is posted at <https://ded.mo.gov/DisasterRecovery>. This notice indicates that public hearings were held in Springfield, Missouri and Poplar Bluff, Missouri on October 25, 2019. A Webinar was also available for citizen participation on October 30.

The meeting schedule for the public hearings on the proposed amendment is available: <https://ded.mo.gov/content/community-development-block-grants>, (ded.mo.gov – Community Development Block Grant Disaster Recovery).

These hearings were scheduled in areas within close proximity to the MID. In addition, DED will also conducted a conference call/WebEx for public hearing.

Citizens may also submit comments to the following email or address.

Notification of the 30-day comment period timeline will be sent via DED Communications and posted on the website: <https://ded.mo.gov/content/community-development-block-grants>

[The 30-day comment is published as November 4, 2019 to 11:59pm on 12/4/2019.](#)

DR email address: MOCDBG-DR@ded.mo.gov

Attention Sam Komo, CDBG Program Manager, PO Box 118, Jefferson City, MO 65102.

If there are any questions concerning the proposed changes, the scheduled public meetings, or regarding the 30-day public comment period, please email to DR email address:

MOCDBG-DR@ded.mo.gov.

If there is need for phone communication, please contact our office at 573-751-3600. Please indicate if Spanish translation is necessary for the phone communication.

Complaints

To comply with the requirements regarding complaints, the state has designated an appropriate and practicable procedure to handle complaints from citizens related to the consolidated plan, amendments, and performance reports. Upon receiving a complaint, the state will provide a timely, substantive written response to written citizen complaints within a fifteen working day time period. Complaints regarding fraud, waste, or abuse of government funds will be forwarded to the HUD OIG Fraud Hotline (phone: 1– 800–347–3735 or email: hotline@hudoig.gov).

Accessibility Measures - Missouri CDBG Language Access Plan:

Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000(d) and Executive Order 13166 require that recipients of federal funds take responsible steps to ensure meaningful access by persons with Limited English Proficiency (LEP persons). The State of Missouri CDBG and CDBG-DR programs are a recipient of federal funds and, thus, obligated to reduce language barriers that can preclude meaningful access by LEP persons to DCA programs. Missouri CDBG has prepared this Language Access Plan (“LAP” or “Plan”), which defines the actions to be taken to ensure meaningful access to agency services, programs, and activities on the part of persons who have limited English proficiency. Missouri’s LAP plan may be found in **Appendix B** of this document.

The following section includes the draft changes to the Action Plan for Disaster Recovery – Action Plan Amendment 1 (APA 1)

1. Change to Application Process (p. 7)

DED has made a change to the application process by defining the application cycle with a start date and end date for submissions. During this defined application cycle, August 26, 2019 to October 25, 2019, applications for activities other than multifamily affordable rental recovery will be accepted.

Deletion p. 7

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 in this Action Plan. 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 expediting access to funding in areas with greatest needs and capacity.

Replacement p. 7

The CDBG Disaster Recovery Program will accept applications during the timeframe of August 26, 2019 to October 25, 2019. During this defined application cycle, the program will accept applications for all activities with the exception of multifamily affordable rental recovery. The method of distribution for multifamily affordable rental recovery is different from the other activities described in the Action Plan. The application process for multifamily affordable rental recovery is included in the Method of Distribution section and in the Affordable Rental Recovery Section.

2. Change to Method of Distribution (p. 41)

DED has changed policy in regard to eligible applicants, to also include developers or development teams who request to leverage CDBG-DR funds within the application for multifamily funding (rental production) opportunities to the Missouri Housing Development Commission as identified by the 2019 MHDC Qualified Allocation Plan.

Please note the following changes to the Method of Distribution for Accessing Disaster Funds on page 41.

Deletion

Missouri 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) process

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(see Program Summary Budget). Upon receipt of CDBG-DR award, the unit of local government is the administering entity for program activities. The State will provide training and technical assistance.

Replacement

Missouri CDBG-DR 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 to include planning, public services, and all housing activities, with the exception of affordable rental recovery for multifamily housing. The State CDBG-DR program will establish all program administrative policies and procedures for the funded activities. The unit of local government (UGLG) is responsible per the grant agreement (between the state and UGLG) to deliver program activities to the citizens of the UGLG's jurisdiction. The State will conduct ongoing monitoring and oversight of subrecipients. The State will provide program training and on-going technical assistance to the State's subgrantees, (the UGLGS), and the UGLG's subrecipients or contractors who will be responsible for program delivery.

Addition to p. 41

The method of distribution for multifamily affordable rental recovery is as follows:

Developers and Development Teams, for-profit and non-profit developers, may propose, through application to MHDC, to leverage CDBG-DR funds in conjunction with applications for multi-family funding (for eligible areas identified in the State's Disaster Recovery (DR-4317) Action Plan) as identified in MHDC's 2019 Qualified Allocation Plan. DED has set aside \$25,000,000 in CDBG-DR funds to leverage with MHDC multifamily (rental production) funding. CDBG-DR funds are only available to eligible areas identified in the Action Plan. The State must expend at least 80% of the entire CDBG-DR allocation, no less than \$46,828,000, within the HUD-identified most impacted and distressed areas (MID), identified by zip codes: 63935,63965, 64850, 65616, and 65775. The maximum awarded per project, as determined by MHDC's underwriting process, is up to \$5,000,000. If there are remaining CDBG-DR funds available following the 2019 funding decisions, the same criteria will apply.

The proposed development must satisfy all criteria set forth by DED in the DED CDBG-DR Affordable Rental Recovery Policy in order to receive a letter of intent (to fund) from DED. The letter of intent is required in order for CDBG-DR funds to be leveraged; however, the intent to fund is contingent upon the proposed development being awarded for multifamily funding as determined by MHDC's underwriting process. Developers submitting applications for multifamily funding to MHDC requesting CDBG-DR leveraged funds must submit to DED a detailed description of the tie-back to the disaster event. All CDBG-DR funded activities must demonstrate a tie-back to the disaster event.

Change to Eligible Applicants (p. 42)

This section in the original version of the Action Plan read:

Units of General Local Government (UGLGs), cities and counties only, within the 55 counties presidentially declared under DR-4317 (see map page 12). The only exception to the City and County applicants falls under the Category of Planning where Regional Planning Commissions may apply direct to the CDBG Program for planning funds.

Deletion:

The only exception to the City and County applicants falls under the Category of Planning where Regional Planning Commissions may apply direct to the CDBG Program for planning funds.

Replacement:

Two exceptions apply to applicant eligibility.

Under the Planning Category, Regional Planning Commissions may apply directly to DED for planning funds.

Affordable Multifamily Rental Recovery: Developers and Development Teams, for-profit and non-profit developers, may propose, through application to MHDC, to leverage CDBG-DR funds in conjunction with applications for multi-family funding as identified in MHDC's 2019 Qualified Allocation Plan. DED has set aside \$25,000,000 in CDBG-DR funds to leverage with MHDC multifamily (rental production) funding. The maximum awarded per project, as determined by MHDC's underwriting process, is up to \$5,000,000. If there are remaining CDBG-DR funds available following the 2019 funding decisions, the same criteria will apply.

3. Deletion to Housing Assistance Outline (p. 49)

Housing Assistance Program Outline

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

Deletion:

4. New Construction Single Family
 - 4.1 Infill Housing for Affordable Homes

With the deletion above, there is a technical change concerning the number of delivery methods included in the outline. The delivery methods are revised from five to four. Due to other revisions to the Action Plan, the outline is now found on p. 50.

The Program Budget charts on p. 45-46 are revised accordingly with the deletion noted above for New Construction Single Family. There is no effect on the housing budget.

4. Change to Applicants and Sub-Applicants (p.51)

Deletion:

Missouri will use a Method of Distribution that allows Eligible Cities and Counties to apply for funds from the CDBG-DR Program.

Upon receipt of CDBG-DR award, the unit of local government is the administering entity for program activities. The State will provide training and technical assistance.

Replacement:

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Missouri will use a Method of Distribution that allows eligible cities and counties to apply for funds from the CDBG-DR Program, with the exception of the multifamily affordable rental recovery program, which the only eligible applicant is a developer(s) and/or development team. Upon receipt of CDBG-DR award, the unit of local government is responsible for program delivery of the funded program activities. The State will provide training and technical assistance in addition to monitoring and oversight as more fully defined in their local government subrecipient agreement.

Also inserted into the section as the last paragraph:

Affordable Multifamily Rental Recovery: Developers and Development Teams, for-profit and non-profit developers, may propose, through application to MHDC, to leverage CDBG-DR funds in conjunction with applications for multi-family funding as identified in MHDC's 2019 Qualified Allocation Plan. DED has set aside \$25,000,000 in CDBG-DR funds to leverage with MHDC multifamily (rental production) funding. The maximum awarded per project, as determined by MHDC's underwriting process, is up to \$5,000,000. If there are remaining CDBG-DR funds available following the 2019 funding decisions, the same criteria will apply.

5. Change to Housing Program Category Design (originally P. 49 –New Construction – Single Family and Infill Housing for Affordable Homes;(deleted Program Explanation p. 59 Original Version of Action Plan) 4. New Construction-Replacement of Affordable Housing Stock

Explanation for deletion of 4.New Construction Single Family and 4.1 Infill Housing for Affordable Homes from Housing Assistance Program Outline (p.49): DED initially planned for a program that would offer new construction for replacement of affordable housing stock. However, the description of the program did not provide clarity of the program's intent. DED recognizes that communities most impacted and distressed by the disaster event have concerns in relation to community sustainability. DED's program design includes the downpayment assistance activity. The downpayment assistance activity is a tool used by communities to attract income-qualified homebuyers to reside in the community. Essentially, homes purchased with downpayment assistance replace households that may have left the community after the disaster event. The incentive for downpayment assistance provided to the prospective homeowner was not directly available to provide incentives to housing contractors or subdivision developments. Housing builders may benefit from the assistance offered in the community through the sale of new housing stock to incentivized buyers. Downpayment Assistance is included in the Action Plan in the Homeowner Assistance Program section.

DELETION to P. 59

Therefore, the new construction for replacement of affordable homes program section is proposed to be removed from the action plan. 4. New Construction – Replacement of Affordable Housing Stock p. 59

Explanation of 'no effect' on Action Plan Budget: Apart from the multifamily affordable rental recovery program, the Action Plan budget includes all housing program activities under one budget for housing,

therefore the deletion of the new construction for replacement of affordable housing stock has no effect on funds available for the housing activities.

6. Affordable Multi-Family Rental Recovery Section (p. 58-59) – Moved to p. 60 in amended plan.

Deleted:

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 MHDC.

Replaced with:

Developers and Development Teams, for-profit and non-profit developers, may propose, through application to MHDC, to leverage CDBG-DR funds in conjunction with applications for multi-family funding as identified in MHDC's 2019 Qualified Allocation Plan. DED has set aside \$25,000,000 in CDBG-DR funds to leverage with MHDC multifamily (rental production) funding. The maximum awarded per project, as determined by MHDC's underwriting process, is up to \$5,000,000. If there are remaining CDBG-DR funds available following the 2019 funding decisions, the same criteria will apply.

7. Change to Action Plan Budget Allocation p. 45 (p.44 of current Action Plan)

This section provides explanation for revisions to the Action Plan Budget Allocation. This section is also now included on pages 48-49 of the Action Plan under Housing Programs.

Using FEMA data, the Action Plan reports that the total estimated need for rental units is \$52,017,634. This dollar amount for unmet needs associated with rental units represents 50% of the total unmet housing need of \$103,912,982, as shown on pages 31 and 46 of the Action Plan. The Program also makes consideration that many single-family households, along with lost rental units, will not be able to rebuild. Because rental units house such a high percent of underserved residents, DED is allocating 42% of the CDBG-DR budget to leverage CDBG-DR funds with MHDC multifamily (rental production) funding. This program will serve a variety of needs and prevent greater homelessness in the communities most impacted by the disasters. Poverty and associated special needs are two of the greatest issues facing the communities located in the most impacted distressed areas (MID) associated with the April 28-May 11 2017 disaster event. The provision of safe, disaster resistant housing for residents impacted by the 2017 disaster event is critical to the long-term recovery strategies of the eligible areas. The Affordable Multifamily Rental Recovery Program will facilitate the creation of quality, affordable housing units to help build resiliency and alleviate the rental stock shortage exacerbated by the storms.

Initially DED budgeted up to \$52,583,250 for Housing Recovery Activities, which included activities for multifamily housing affordable rental recovery. With the revised program design as stated above, DED now has a set-aside of \$25,000,000 for multifamily/affordable rental recovery. The available budget for all other housing activities described in the action plan is \$27,583,250.

These funding changes are reflected in the Budget Allocation Chart on page 44 of the Action Plan as amended with Action Plan Amendment 1 (APA 1).

Public Comment

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The Draft of the amended Action Plan will be posted on the Department of Economic Development website (CDBG Disaster Recovery page) ded.mo.gov, for a 30-day comment period.

The state will make reasonable accommodations for persons with disabilities and LEP persons. To request an accommodation, please contact DED at (573) 751-3600 or MOCDG-DR@ded.mo.gov. *The Summary of Changes and the Action Plan and the Summary of Changes, both in its entirety is also available in Spanish.*

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