



## Funds Allocated:

- The U.S. Department of Housing and Urban Development (HUD) announced that the Commonwealth of Kentucky would receive **\$297,994,000** in funding to support long-term recovery and mitigation efforts for the flooding of 2022.

# Funding Timeline



In 2022, torrential flooding (FEMA 4663) resulted in a Major Disaster Declaration, which qualified the Commonwealth of Kentucky to receive long-term disaster recovery funding.



In May 2023, Congress appropriated \$3 billion in Community Development Block Grant Disaster Recovery funds (CDBG-DR) for disasters that occurred in 2022.



In May 2023, HUD allocated funds for those who experienced disasters in 2022. Kentucky will receive \$297,994,000.



CDBG-DR funds will aid Kentucky's citizens in recovery from these devastating storms and strengthen impacted communities to help prevent future damage to homes, businesses, schools, and public infrastructure.



**\$297,994,000**  
Allocated to Kentucky

# CDBG-DR Action Plan Process

## Kentucky must:

- Conduct unmet needs assessments to understand the cost of damages after considering other sources of funding (complete).
- Develop a mitigation needs assessment to understand the impacted areas' risks and address future disasters (complete).
- Leverage the limited CDBG-DR funds for different housing, infrastructure, planning, economic revitalization, and mitigation programs.
  - Kentucky DLG shall allocate at least **80%** of the funds to address unmet needs in the HUD-identified MID areas.
  - Kentucky DLG shall allocate at least **70%** of all program funds must benefit LMI persons or households
- Provide the public with an opportunity to review and comment on the Action Plan (complete).
- Submit the Action Plan to HUD at the end of December 2023 (submitted 12/20/2023), at which time HUD has 60 days to review and approve the Plan (in progress).
  - Funds will not be available to the Commonwealth until HUD and Kentucky DLG have executed a grant agreement.
- Programs will begin to launch in the Spring of 2024.
- The programs will end when all eligible participants have completed closeout, all budgeted funds have been expended, or 6 years after execution of the grant agreement with HUD.



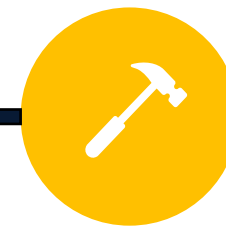
Unmet Needs Analysis



Mitigation Needs Assessment



Action Plan



Programs

Flooding results in Major Disaster Declaration



July 2022

Federal Actions

State Actions

HUD Federal Register Notice specifies community Development Block Grant-Disaster Recovery fund use requirements for states affected by disaster in 2022.



May 2023

Initiate **Unmet Needs analysis and Mitigation Needs Assessment**, revise **Citizen Participation Plan**, complete required certifications



Initiate **public engagement**



Develop **CDBG-DR Action Plan Programs**



November 2023  
Draft CDBG-DR Action Plan posted for **public period**



December 2023  
CDBG-DR Action Plan Submitted



HUD **approves** CDBG-DR Action Plan  
Early 2024

CDBG-DR program **development** begins



Spring 2024

Implementation of CDBG-DR programs to start



## 2022 Disaster Recovery Action Plan Development Timeline

# What are CDBG-DR Funds?



CDBG-DR funds are used to help the most impacted and distressed areas recover.

- CDBG-DR funding can be used for long-term recovery projects such as housing, economic revitalization, and restoring infrastructure.
- It is considered last resort funding and is used to address unmet, or mitigation needs that other federal programs haven't been able to meet.
- A portion of the funds will be made available to address mitigation needs to make impacted communities more resilient to current and future risks, which can include infrastructure, planning, housing, and economic revitalization activities.

# 2022 CDBG-DR Grant Breakdown

- Total Allocation: **\$297,994,000**
- Mitigation Set-Aside: at least **15% CDBG-MIT set-aside**.
- Grant Timeline: DLG has 6 years from the date of the fully executed grant agreement between HUD and Kentucky. Specific programs will end when all funds have been expended and all eligible participants have completed closeout.
- National Objective: Benefit to **Low- to- Moderate Income** (LMI) Persons/Households: At least **70% or \$208,595,800**— of the allocation (less planning and administration costs) must be used for activities that benefit LMI persons/households.
  - 51% of units must be occupied by LMI households.
  - 51% of persons served must LMI
- **Duplication of Benefits:** Occurs when a person, household, business, or other entity receives financial assistance from multiple sources for the **same purpose**, and the total assistance received for that purpose is more than the total need for assistance.



# CDBG Area Median Income Limits

## LMI vs UN

- An LMI person is defined as a person in a family or an individual with annual income equal to or **less than 80% of an area's median family income** adjusted for household size.
- Urgent Need (UN) national objective to assist eligible disaster-impacted applicants with **incomes greater than 80% AMI**.

County	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7-Person	8-Person
Breathitt	35,950	41,100	46,250	51,350	55,500	59,600	63,700	67,800
Knott	35,950	41,100	46,250	51,350	55,500	59,600	63,700	67,800
Letcher	35,950	41,100	46,250	51,350	55,500	59,600	63,700	67,800
Perry	35,950	41,100	46,250	51,350	55,500	59,600	63,700	67,800
Pike	35,950	41,100	46,250	51,350	55,500	59,600	63,700	67,800





# Grantee identified Most Impacted and Distressed Areas (MID Areas)

- The Consolidated Notice allows Kentucky to determine where to **use up to 20% of the remaining amount** of the CDBG-DR grant.
- The funds must be used to address unmet needs within areas that received a presidential disaster declaration. In addition to HUD’s identified MIDs, Kentucky has identified the following counties as state MIDs and are eligible to apply for CDBG-DR funding:

<b>Casey</b>	<b>Johnson</b>	<b>Martin</b>
<b>Clay</b>	<b>Lee</b>	<b>Owsley</b>
<b>Cumberland</b>	<b>Leslie</b>	<b>Powell</b>
<b>Floyd</b>	<b>Lincoln</b>	<b>Whitley</b>
<b>Harlan</b>	<b>Magoffin</b>	<b>Wolfe</b>



# Draft Action Plan Overview

# Grantee Proposed Use of Funds

## Program Budget - Allocations



Program Category	Program	Budget	HUD-Identified MID Budget (%)	Grantee-Identified MID Budget (%)	Percentage of Allocation	Maximum Award
Housing	Single-Family New Housing Construction	\$90,000,000	80%	20%	23%	\$200,000 per housing unit
Housing	Owner-Occupied Rehabilitation/ Reconstruction	\$24,905,300	80%	20%	8%	\$50,000 grant and up to \$50,000 additional as a loan.
Housing	Multifamily New Construction	\$10,000,000	80%	20%	10%	\$200,000 per new rental unit
Housing	Multifamily Rental Rehabilitation/Rec construction	\$5,000,000	80%	20%	2%	\$100,000 per rehabbed unit
Economic Revitalization	Small Business Grant Program	\$3,000,000	80%	20%	1%	\$200,000 for operating; \$20,000 per job
Infrastructure and Other Activities	Public Infrastructure, Stormwater Management, Watershed Restoration, Broadband, Debris Removal, Roads, and bridges	\$134,389,000	80%	20%	45%	\$10,000,000 per project
FEMA NonFederal Cost Share Buyout Program	Buyout of Properties Located in Flood Plain	\$11,300,000	80%	20%	4%	
Public Services	Housing Counseling and Legal Aid	\$3,000,000	80%	20%	1%	N/A
Planning	Resilience Planning	\$1,500,000	80%	20%	1%	\$25,000 to \$100,000
Administration	Administration	\$14,899,700			5%	N/A
<b>TOTAL</b>		<b>\$297,994,000</b>	<b>\$238,395,200</b>	<b>\$59,598,800</b>	<b>100%</b>	

# Program Overviews - Owner Occupied Housing Assistance

Program	Budget	HUD Identified MID Budget	Grantee-Identified MID Budget
Single Family New Housing Construction	\$90,000,000	\$72,000,000	\$18,000,000

- The **Single-Family New Housing Construction program** will provide resilient and affordable housing to impacted Kentucky residents by funding developer constructed single-family housing units on vacant lots within existing neighborhoods or the development of new neighborhoods for residential purposes.
- **Timeline:** This program is scheduled to start in the spring of 2024. The program will end when all funds have been expended and all eligible participants have completed closeout or 6 years after execution of the grant agreement with HUD.
- **Award:** DLG is setting a maximum award of **\$200,000 per housing unit.**
- DLG will make awards to projects that offer a variety of housing sizes to best serve families with children, disabled persons and seniors.
- Must comply with HOME affordability periods and be documented through a restricted use covenant, mortgage, or other legal and financial mechanism for the buyer of the single-family unit.
- DLG anticipates that the majority of the funding will be utilized to develop single family housing on “high ground” sites and carry out these activities directly. If funding is still available, DLG will open applications to other eligible applicants.



# Program Overviews - Owner Occupied Housing Assistance

Program	Budget	HUD Identified MID Budget	Grantee-Identified MID Budget
Owner-Occupied Rehabilitation and Reconstruction	\$24,905,300	\$19,924,240	\$4,981,060

- The **Owner-Occupied Rehabilitation and Reconstruction program** is intended to assist homeowners repair their homes, support rehabilitation of older and existing housing stock, and provide safe and decent **housing opportunities for residents**.
- **Timeline:** This program is scheduled to start in the spring of 2024. The program will end when all funds have been expended and all eligible participants have completed closeout or 6 years after execution of the grant agreement with HUD.
- **Award:** DLG is setting a maximum award for each rehabilitated or reconstructed home is eligible for a maximum award of \$100,000 per property.
- Properties that served as **second homes** at the time of or following the disaster are not eligible for assistance for rehabilitation.
- **Eligible Beneficiaries:** To be eligible for the program, homeowners must meet the following criteria for their damaged property:
  - Must be the applicant’s primary residence at the time of the disaster.
  - Must have sustained damage because of the 2022 storm events.
  - Must be an eligible structure as defined in the program guidelines.

# Program Overviews - Rental Housing Assistance

Program	Budget	HUD Identified MID Budget	Grantee-Identified MID Budget
Multifamily New Construction	\$10,000,000	\$8,000,000	\$2,000,000

- The **Multi-Family New Construction program** will offer funding subsidies for the construction of multi-family structures (5 or more units) on vacant lots within existing neighborhoods.
- **Timeline:** This program is scheduled to start in the spring of 2024. The program will end when all funds have been expended and all eligible participants have completed closeout, or 6 years after execution of the grant agreement with HUD.
- **Award:** The maximum award is \$200,000 for any new construction project. This award will include incentives for construction, incentives for applicable mitigation measures, and the cost of compliance.
- For multi-family projects, the affordability period for new construction will be **20 years**. Units must be rented to persons of verified LMI income and subject to the 65% HOME rent limits.
- The new units will have an emphasis on **green and resilient building practices** to mitigate future risks of hazards.
- **Eligible Applicants:** City, county, and tribal governments, in coordination with eligible developers, will apply to DLG.

# Program Overviews - Rental Housing Assistance

Program	Budget	HUD Identified MID Budget	Grantee-Identified MID Budget
Multifamily and Small Rental Rehabilitation/Reconstruction	\$5,000,000	\$4,000,000	\$1,000,000

- **The Rental Rehabilitation/Reconstruction program** is intended to assist eligible owners of rental properties to rehabilitate or reconstruct rental housing to provide safe, clean, and **affordable rental housing to LMI households**.
- **Timeline:** This program is scheduled to start in the spring of 2024.
- **Award:** The maximum award is \$100,000 per unit for any rehabilitation or reconstruction project. Program guidelines will stipulate a process for applications to identify situations where exceeding the maximum award amount may be necessary.
- The program will restore or reconstruct **affordable rental units** in disaster-impacted areas with the goal of ensuring that impacted counties don't lose more rental units.
- Program will comply with affordability periods in accordance with HOME program standards and subject to the 65% HOME rent limits.
- **Eligible Applicants:** Landlords (individuals, for-profit entities, or nonprofit entities) and developers can apply and must be in good standing with the Commonwealth. Additional eligibility requirements will be described in the program guidelines.



# Program Overviews - Public Services

Program	Budget	HUD Identified MID Budget	Grantee-Identified MID Budget
Housing Counseling and Legal Aid	\$3,000,000	\$2,400,000	\$600,000

- The Housing Counseling and Legal Assistance program** will provide grants to sub-recipients to deliver critical supportive services such as foreclosure prevention, relocation services, title transfers, and title searches to both renters and homeowners impacted by the 2022 storms.
- Timeline:** This program is scheduled to start in the spring of 2024. The program will end when all funds have been expended and all eligible participants have completed closeout, or 6 years after execution of the grant agreement with HUD.
- Award:** The maximum amount allocated to sub-recipients will be detailed in the program guidelines and applicable Notice of Funding Availability(NOFA) and will be determined based on such factors as the sub-recipient’s capacity, the scope of work, the types of services provided, and/or the communities served by the organization.
- Eligible Applicants:** Includes HUD-certified housing counseling agencies, nonprofit organizations, and community-based organizations. These entities may apply directly to DLG for funding.





# Program Overviews - Public Services

Program	Budget	HUD Identified MID Budget	Grantee-Identified MID Budget
FEMA Non-Federal Cost Share Buyout Program	\$11,300,000	\$9,040,000	\$2,260,000

- The CDBG-DR FEMA Non-Federal Cost Share Buyout Program is being limited to the non-Federal cost-share to leverage FEMA programs or activities in areas that are defined in the 2022 Kentucky Action Plan for Disaster Recovery to be high risk for future disasters.
- Homes and eligible structures will be identified through the application for FEMA Hazard Mitigation Grant Program (HMGP). The identified structures will be purchased and demolished.
- The program is voluntary and eligible residents will be prioritized based on funding availability and by local planning.
- **Eligible Applicants:** All properties eligible for acquisition and demolition of residential structures must be located within the Disaster Risk Reduction Area (DRRA) and are subject to repetitive damage.
- **The acquisition of real property is exclusively on a voluntary basis and the unit(s) of local government will not exercise their power of eminent domain to acquire properties or any other involuntary acquisition process.**
- **Ineligible Activities for the FEMA Non-Federal Cost Share Buyout Program include:**
  - Second homes
  - Sold homes
  - Vacant lots/land
  - Agricultural land
  - Commercial structures
  - Travel trailers/RVs
  - Boats

# Program Overviews - Economic Revitalization

Program	Budget	HUD Identified MID Budget	Grantee-Identified MID Budget
Small Business Grant Program	\$3,000,000	\$2,400,000	\$600,000

- The **Small Business Grant Program** is designed to allow for a flexible range of eligible activities to help local entities meet the economic recovery or mitigation needs of their disaster-impacted communities. Each activity must clearly have a tie back to revitalizing disaster impacted communities.
- **Timeline:** This program is scheduled to start in the spring of 2024. The program will end when all funds have been expended and all eligible participants have completed closeout, or 6 years after execution of the grant agreement with HUD.
- **Award:** \$200,000 max assistance for operating capital for qualified businesses or \$20,000 per job retained or replaced, up to \$200,000.
- DLG will prioritize economic revitalization funding in low- and moderate- income and socially vulnerable communities that include members of protected classes, HUD-identified vulnerable populations, and/or historically underserved communities.
- DLG will provide **funding for working capital, purchase of equipment, and/or job retention/creation.**
- **Eligible Applicants:** City, county, and tribal governments will apply to DLG and provide grant funding to business entities that will provide jobs for LMI individuals.

# Program Overviews - Infrastructure

Program	Budget	HUD Identified MID Budget	Grantee-Identified MID Budget
Public Infrastructure, Stormwater Management, Debris Removal, Broadband, Watershed Restoration, Roads, and Bridges	\$134,389,000	\$ 107,511,200	\$ 26,877,800

- The **Public Infrastructure and Stormwater Management program** provides funding for infrastructure projects that will help impacted communities recover from the 2022 storm events and become more resilient to current and future natural hazards.
- **Timeline:** This program is scheduled to start in the spring of 2024. The program will end when all funds have been expended and all eligible participants have completed closeout, or 6 years after execution of the grant agreement with HUD.
- **Award:** The maximum assistance available is \$10 million per project.
- DLG will seek to fund recovery activities like improvements to community water and sewer systems and mitigation activities such as stormwater management systems both engineered, and nature based.
- DLG anticipates that the majority of the funding will be utilized to develop infrastructure on “high ground” sites and carry out these activities directly. If funding is still available, DLG will open applications to other eligible applicants.
- For applications to be eligible, applicants must show the project:
  - Is an eligible activity under CDBG-DR
  - Meets a CDBG-DR national objective
  - Mitigates risk to critical public infrastructure<sup>9</sup>
  - Is located in the disaster impacted area



# Program Overviews - Planning

Program	Budget	HUD Identified MID Budget	Grantee-Identified MID Budget
Resilience Planning	\$1,500,000	\$1,200,000	\$300,000

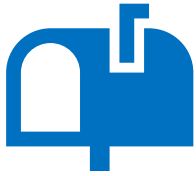
- The Planning program will build on the existing efforts of State, local, and regional hazard mitigation, watershed and resiliency planning and make awards to units of general local governments and contracted partner organizations to further **support local resilience and watershed planning**.
- **Timeline:** This program is scheduled to start in the spring of 2024. The program will end when all funds have been expended and all eligible participants have completed closeout, or 6 years after execution of the grant agreement with HUD.
- **Award:** The assistance that eligible applicants may receive per plan is between **\$25,000 and \$100,000**. The amount will depend on the scope and type of plan.
- Applicants must work with a certified grant administrator to assist with project development, application, and activity delivery. Applicants who lack the capacity to produce planning documents internally should also contract with another qualified entity to lead the planning activity.
- **Eligible Applicants:** UGLGs that include cities, counties, and tribal governments. Eligible applicants can work with nonprofit planning organizations.
- For applications to be **eligible**, the project must:
  - Be an eligible activity under CDBG-DR
  - Have a proposed plan that will mitigate risk
  - Be located in the disaster-impacted area
  - DLG will establish weighted scoring that will assess such factors as the following: LMI, social vulnerability, as well as other factors



# Contact Information



[DLG.DR@ky.gov](mailto:DLG.DR@ky.gov)



Office of Federal Grants:

DR Team

100 Airport Road 3rd Floor

Frankfort, KY 40601



Phone: (502) 573-2382