



2022 CDBG-DR Proposed Public Action Plan



- First public hearing will be held in **Eastern Kentucky** at the Kentucky River Area Development District office at 941 North Main Street, Hazard KY 41701 on **November 1, 2022**, at 5 p.m. eastern time.
- Second public hearing will be held in **Western Kentucky** at the Purchase Area Development District office at 1002 Medical Drive, Mayfield KY 42066 on **November 3, 2022**, at 5 p.m. central time.

Purpose of Today's Hearing



Funds Allocated:

- The U.S. Department of Housing and Urban Development (HUD) announced that the Commonwealth of Kentucky would receive **\$74,953,000** in funding to support long-term recovery and mitigation efforts.

Today's public hearing will provide residents that were impacted by the 2021 storms an opportunity to:

- Review the Action Plans programs and budget.
- Understand the goals of CDBG-DR.
- Provide comments to the Action Plan.

Public Comment Info

- The Public Action Plan has been posted on the CDBG-DR Recovery website for a **30-day public comment period**.
- Last day for comments: **November 21, 2022** @ 4:30 pm eastern
- The public is encouraged to comment on the draft Action Plan by:
 - Email: DLG.DR@ky.gov
 - Letter:
Office of Federal Grants: DR Team
100 Airport Road 3rd Floor
Frankfort, KY 40601
 - Phone: 502-573-2382
 - <https://forms.office.com/g/RH5b5RU2Uk>
- The Commonwealth will review and respond to all written and oral public comments received.
- Any **updates or changes** made to the Action Plan in response to public comments shall be clearly **identified in the Action Plan**
- The **public comments** also will be **submitted to HUD** with the final Action Plan amendment.



Funding Timeline



In 2021, flooding (FEMA 4595) and tornados (FEMA 4630) resulted in Major Disaster Declarations, which qualified the Commonwealth of Kentucky to receive long-term disaster recovery funding.



In September 2021, Congress appropriated \$5 billion in Community Development Block Grant Disaster Recovery funds (CDBG-DR) for disasters that occurred in both 2020 and 2021.



In May 2022, HUD allocated funds for those who experienced disasters in 2021. Kentucky will receive \$74,953,000.



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.



\$74,953,000

Allocated to Kentucky

CDBG-DR Action Plan Process

Kentucky DLG must:

- Conduct an unmet needs assessments to understand the cost of damages after considering other sources of funding.
- Develop a mitigation needs assessment to understand the impacted areas' risks and address future disasters.
- 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.
- Submit the Action Plan to HUD at the end of November, at which time HUD has 60 days to review and approve the Plan.
 - 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 first quarter of 2023.
- 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.



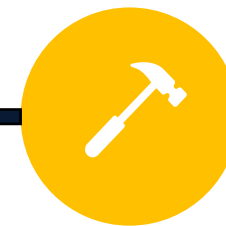
Unmet Needs Analysis



Mitigation Needs Assessment

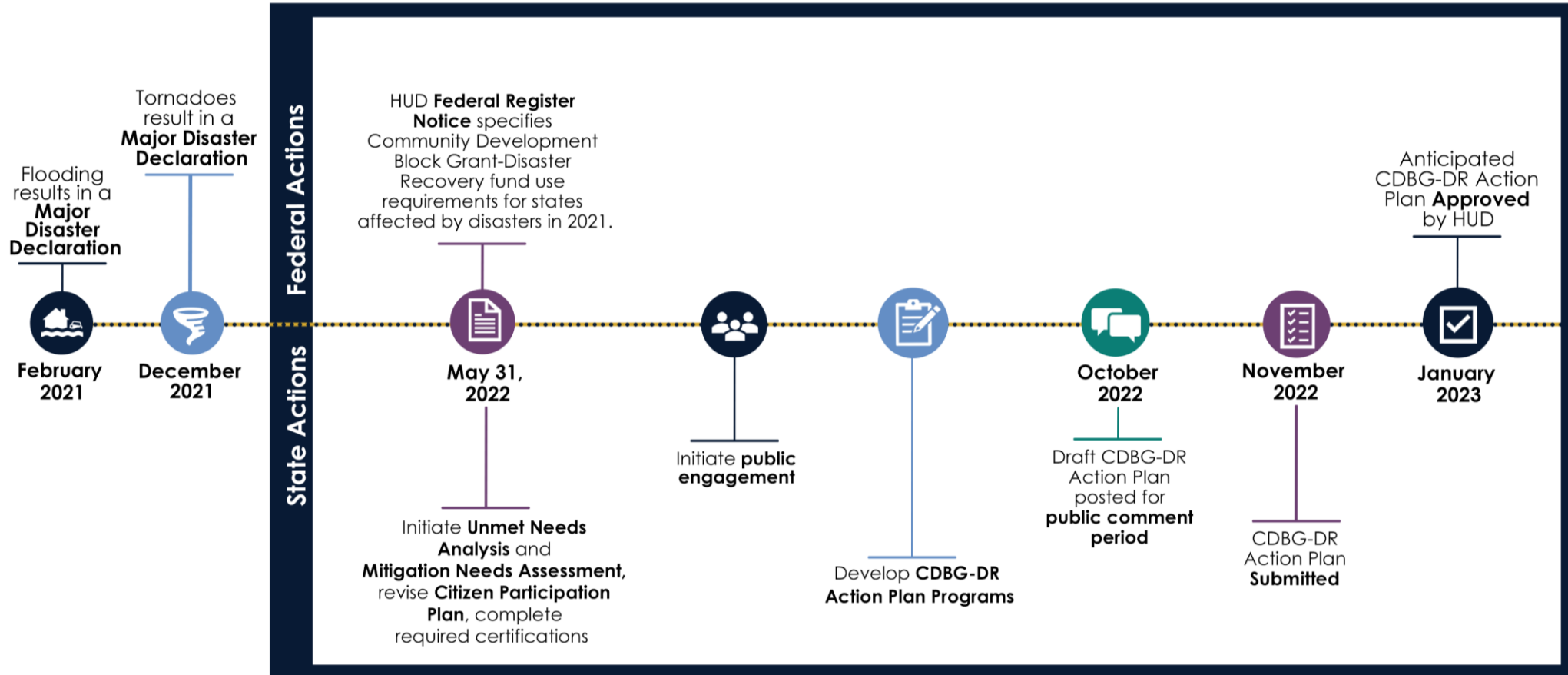


Action Plan



Programs

Action Plan 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: **\$74,953,000**
- 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 \$48,793,745**— 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



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	34,000	38,850	43,700	48,550	52,450	56,350	60,250	64,100
Graves	36,950	42,200	47,500	52,750	57,000	61,200	65,450	69,650
Hopkins	36,500	41,700	46,900	52,100	56,300	60,450	64,650	68,800
Warren	41,050	46,900	52,750	58,600	63,300	68,000	72,700	77,400

[Source: HUD CDBG Income Limits FY 2022](#)



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:

Boyd County	Hart County	Letcher County	Morgan County
Caldwell County	Hickman County	Lincoln County	Muhlenburg County
Christian County	Jackson County	Logan County	Ohio County
Clark County	Johnson County	Lyon County	Owsley County
Clay County	Knott County	Madison County	Perry County
Estill County	Laurel County	Magoffin County	Powell County
Floyd County	Lawrence County	Marion County	Pulaski County
Fulton County	Lee County	Marshall County	Rockcastle County
Greenup County	Leslie County	Martin County	Taylor County



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	\$4,000,000	80%	20%	5%	\$200,000 per housing unit
Housing	Owner-Occupied Rehabilitation/ Reconstruction	\$17,905,350	80%	20%	25%	\$100,000 per home; \$500,000 per applicant (for multiple homes)
Housing	Multifamily Rental New Construction	\$3,000,000	80%	20%	4%	\$1,000,000 per project
Housing	Rental Rehabilitation/ Reconstruction	\$15,000,000	80%	20%	20%	\$75,000 per unit
Economic Revitalization	Small Business Grant Program	\$4,000,000	80%	20%	5%	\$200,000 for operating; \$20,000 per job
Infrastructure and Other Activities	Public Infrastructure and Stormwater Management	\$25,000,000	80%	20%	33%	\$3,000,000 per project
Public Services	Housing Counseling and Legal Aid	\$800,000	80%	20%	1%	N/A
Planning	Resilience Planning	\$1,500,000	80%	20%	2%	\$25,000 to \$100,000
Administration	Administration	\$3,747,650			5%	N/A
TOTAL		\$74,953,000			100%	

Program Overviews - Owner Occupied Housing Assistance

Program	Budget	HUD Identified MID Budget	Grantee-Identified MID Budget
Single Family New Housing Construction	\$4,000,000	\$3,200,000	\$800,000

- 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 will begin in the spring of 2023. 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.**
- Properties that served as **second homes** at the time of or following the disaster are not eligible for assistance.
- 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.
- **Eligible Applicants:** City, county and tribal governments will apply to DLG and assume the role of the responsible entity. Eligible applicants may work with qualified organizations or partners to help implement the projects. Applicants must work with a certified grant administrator to assist with application development, grant administration and activity delivery.



Program Overviews - Owner Occupied Housing Assistance

Program	Budget	HUD Identified MID Budget	Grantee-Identified MID Budget
Owner-Occupied Rehabilitation & Reconstruction	\$17,905,350	\$14,324,280	\$3,581,070

- 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 will begin in the spring of 2023. 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 up to \$500,000 per applicant that will serve multiple beneficiaries within jurisdictions. 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 2021 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
Multi Family New Construction	\$3,000,000	\$2,400,000	\$600,000

- 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 will begin in the spring of 2023. 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 \$1,000,000 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
Multi-Family and Small Rental Rehabilitation/Reconstruction	\$15,000,000	\$12,000,000	\$3,000,000

- **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 will begin in the spring of 2023.
- **Award:** The maximum award is \$75,000 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	\$800,000	\$640,000	\$160,000

- **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 2021 storms.
- **Timeline:** This program will begin in the spring of 2023. 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 - Economic Revitalization

Program	Budget	HUD Identified MID Budget	Grantee-Identified MID Budget
Small Business Grant Program	\$4,000,000	\$3,200,000	\$800,000

- 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 to revitalizing disaster impacted communities.
- **Timeline:** This program will begin in the spring of 2023. 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 and \$20,000 per LMI 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 historically underserved communities.
- DLG will provide **funding for working capital, purchase of equipment, and 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 and Stormwater Management	\$25,000,000	\$20,000,000	\$5,000,000

- The **Public Infrastructure and Stormwater Management program** provides funding for infrastructure projects that will help impacted communities recover from the 2021 storm events and become more resilient to current and future natural hazards.
- **Timeline:** This program will begin in the spring of 2023. 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 \$3 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.
- **Eligible Applicants:** City, county, and tribal governments will apply to DLG for funding. Residents located within the defined service area of the public facility will benefit from these projects.
 - 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
 - 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 will begin in the spring of 2023. 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



Public Hearing Procedures

We will now open the floor for questions and or comments.

To speak today:

- 1 If you haven't already done so, please sign-in on the sheets provided.
- 2 State your full name and your comment.
- 3 Speak slowly and clearly.
- 4 You will have **three minutes**.
- 5 We'll notify you when you have **30 seconds left**.



Questions?



COMMENTS

The public is encouraged to comment on the draft Action Plan
by:

Email: DLG.DR@ky.gov

Letter:

Office of Federal Grants: DR
Team

100 Airport Road 3rd Floor
Frankfort, KY 40601

Phone: 502-573-2382

[https://forms.office.com/g/RH5b5
RU2Uk](https://forms.office.com/g/RH5b5RU2Uk)



Contacts

Economic Development- Gabe Nickell 502-892-3464 gabe.nickell@ky.gov

Housing- Travis Weber 502-892-3185 travis.weber@ky.gov

Public Infrastructure-Jennifer Peters 502-892-3469 jennifer.peters@ky.gov