STATE OF MISSOURI

ACTION PLAN

Supplemental CDBG Disaster Recovery Funding from the Disaster Relief Appropriations Act

Public Law 113-2, 2013

Federal Register: May 29, 2013

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

August, 2013

Amended March 2015
The Disaster Relief Appropriations Act, 2013 (Public Law 113-2, approved January 29, 2013) makes available up to $16 billion in CDBG funds for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas resulting from a major disaster declared in 2011, 2012 and 2013 pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974.

The State of Missouri Department of Economic Development (DED) has been allocated $11,844,000 from this appropriation. The federal disaster declarations that are specific to this supplemental appropriation are 1961, 1980 and 4012. Only areas included in one of these disaster declarations (regardless of the type of declaration) are eligible to apply for and receive CDBG assistance from this Disaster Appropriation.

1. Impact and unmet needs assessment:

Missouri was heavily impacted by severe storms, tornadoes and flooding that began on April 19, 2011. Southern and northwestern portions of the state were inundated with flood waters, while the cities of Joplin and Sedalia, and Jasper, Newton and St. Louis Counties sustained heavy tornado damage. These disasters resulted in 161 fatalities, 535 reported injuries, 10,443 destroyed or damaged homes, and impacted more than 500 businesses. Many of the counties included in the FEMA disaster declaration for Individual and/or Public Assistance are some of Missouri’s most poverty-stricken.

It is difficult to ascertain the magnitude of the impact that disasters in Missouri had during spring and summer 2011. DR 1980 included the Joplin tornado, which claimed 161 lives and destroyed approximately 1/3 of the city, southeast flooding (including the intentional breach of the Bird’s Point Levee), and tornadoes in St. Louis and Sedalia. DR 4012 included Missouri River flooding in northwest and central Missouri.

Housing

The 2011 Missouri Disasters had a significant impact on housing. There were 7,378 housing units destroyed, 1,092 with major damage, 1,973 with minor damage, and 2,647 considered “affected” by FEMA. For DR 1980, about 56% of the housing units were insured. For DR 4012, only 22% were insured.

The rate of unmet need is significant. As of December 2011, severe housing unmet needs were calculated by HUD at $74,283,794. Of the 16,489 FEMA registrants for DR 1980, 43% of these registrants were ineligible for the Individuals and Households Program. Specifically, 41% were ineligible for the Housing Assistance Program. As of June 26, 2012, the U.S. Small Business Administration had received 1,848 applications for home loans related to DR-1980 and had only approved 605 of them, an approval rate of about 32.7%, leaving 1,243 (67.3%) requests unmet. As of March 23, 2012 for DR-4012, 20% of the total FEMA registrants were ineligible for Individual and Household assistance. A total of 177 home loan applications were received by SBA, and 63 (36%) were approved. In addition, a total of 4,612 persons were assisted via the Missouri Housing Trust Fund (home repair or emergency housing assistance).
Infrastructure

Flooding, tornadoes, and severe storms caused numerous amounts of damage to infrastructure systems in Missouri during 2011. According to FEMA’s Public Assistance assessments, the estimated total need for public assistance is $177,781,945. This is broken down by category:

- **Category A (Debris Removal):** $67,837,716
- **Category B (Emergency Protective Measures):** $18,793,962
- **Category C (Roads and Bridges):** $32,336,757
- **Category D (Water Control Facilities):** $694,150
  
  *It should be noted that the repair of levees, dams and flood control channels fall under Category D, but the eligibility of these facilities is restricted by FEMA. In Missouri, the U.S. Army Corps of Engineers will look to CDBG as a partner in levee restoration.*

- **Category E (Buildings and Equipment):** $50,638,428
- **Category F (Utilities):** $6,047,955
- **Category G (Parks, Recreational and Other Facilities):** $1,432,977

Flooding in Southeast Missouri impacted dozens of state and U.S. highways. Water over the roadways resulted in over 440 road closures at the peak of the flood, according to the Missouri Department of Transportation (MODOT). This impacted not only inter-state travel, but also local travel for farmers and access to homes and industrial areas. In Joplin, the tornado path was large enough to affect many of the north/south transportation routes through town, and also at least some of the major east/west routes. In St. Louis, transportation was impacted on a large scale as Lambert-St. Louis International Airport’s Concourse C took a direct hit from a tornado on April 22, 2011. Many highways in Northwest Missouri were closed for many weeks, including Interstate 29 at Rockport, US-136 at the Missouri River, US-159 at the Missouri River, and US-59 at the Missouri River. MODOT reported over 164 flood-related road closures at the peak of the Northwest Missouri flooding.

In Joplin, three public schools were destroyed, one private school was destroyed, three other public schools had significant damage, and one private school had minor damage. ChildCare Aware of Missouri reported that Joplin’s child care industry has been nearly cut in half. Before the tornado (as of 5/1/2011), there were 67 licensed child care and early learning programs available in Joplin. After the tornado (as of 5/13), there were only 30. One hospital was destroyed, three long-term care facilities were destroyed and one was damaged. Joplin lost several group homes for people with mental and developmental disabilities.

Economic Development

Business and industry, including the agricultural community, were impacted severely during the 2011 disasters. HUD figures show that as of December 2011, there is still $32,974,170 in unmet needs for businesses. The U.S. Small Business Administration shows that, as of June 26, 2012, 457 applications for business loans (related to DR-1980) were received with only 144 approved. This is an approval rate of 31.5%, leaving 313 (68.5%) requests unmet. For DR-4012, SBA received 33 applications for business loans with 11 (33%) approved.
More than 500 businesses in Joplin were either destroyed or otherwise impacted. According to the Bureau of Labor Statistics data, the 500 impacted businesses represent 25% of Joplin’s total employment (9,700 employees).

Flooding has devastated fertile farmland in southeast and northwest Missouri. According to the Missouri Economic Research and Information Center (MERIC), Missouri ranks second in the nation in the number of farms, with 107,825. Missouri employs 298,320 workers in farms and agribusiness industries. The map at [http://www.missourieconomy.org/pdfs/missouri_farms_and_agribusiness.pdf](http://www.missourieconomy.org/pdfs/missouri_farms_and_agribusiness.pdf) indicates the prevalence of farmland in both southeast and northwest Missouri and the significance of agriculture to the economy in those areas. In 2008, Missouri’s crop, livestock, processing and other agricultural sectors accounted for $12.4 billion or, 7%, of the gross state product. MERIC reports that, between 2010 and 2012, employment numbers in the crop production industry in the state of Missouri decreased by 5.46%, indicating a negative impact by the 2011 floods.

Although agriculture is important to the economy in the northwestern part of the state, southeast Missouri relies heavily on agriculture as its economic base. In 2011, when the Bird’s Point Levee was intentionally breached, thousands of acres of farmland were taken out of production for 2011. The State of Missouri intends to apply this post disaster analysis of the economic conditions of southeast Missouri and make available funding under the economic development category to address specific agriculture related job creation activities in a manner that leaves the communities in the area better positioned to meet the needs of their post disaster populations and prospects for growth. This category may solicit requests for proposal for economic development activities that allow for a broader approach to the agricultural industry supply chain which includes manufacturing of products grown in the flooded areas.

**Projected Economic Impacts in Missouri from the 2011 Disaster Events**

Disaster events 1980 and 4012 included damages throughout Missouri. Major flooding occurred along the Missouri and Mississippi rivers and also in Taney County. Tornadoes were also a major contributor to damages found in Joplin, Sedalia, and St. Louis. HUD’s 2011 estimate of unmet needs for severely damaged homes and businesses totaled $107,257,964; housing unmet needs totaled $74,283,794 and business unmet needs totaled $32,974,170.

The Department of Economic Development used an economic model to assess the impact to the region based on these unmet needs. The unmet needs of businesses were entered into the model as an increased cost in capital investment of $32,974,170. Likewise, the unmet needs of housing affected the equity and rental incomes of property owners; the region’s personal income was lowered in the model by $74,283,794.

In 2011, damages to businesses and homes reduced profits and family incomes resulting in a decline in total economic activity in the state by $81.8 million. In addition, Gross State Product (GSP) declined by $52 million and Personal Income in the state declined by $102 million. The loss to business profits and family income also resulted in over 800 job losses throughout the state.

Other effects include crop losses from the Birds Point Levee Breach in 2011 that flooded over 130,000 acres of farmland and homes. Initially, the Food and Agricultural Policy Research Institute (FAPRI) estimated a net loss of $42.6 million in lost crop revenues to the Southeast Missouri region. The study had originally assumed that all 130,000 acres were unusable. Later reports reassessed the damage to acreage and determined that at least 90% of the acreage was used and did in fact produce crops. Given
that 10% of the acreage turned out to be unusable, FAPRI’s model would now reflect $4.26 million in net losses to crop revenues.

Combining the economic impact of business and home losses with crop revenue losses equates to a reduction in overall state economic activity of $86.06 million.

**Unmet needs provided via consultation with local governments and regional planning commissions:**

DED works very closely with the State’s regional planning commissions and councils of local government (RPC/COG). These organizations serve local governments as a liaison with state agencies, and provide local governments with additional capacity regarding state and federal programs. In addition, they are an excellent source of information regarding disaster impacts and remaining needs of the local governments in those regions. In June and July, DED consulted frequently with the RPC/COGs covering areas affected by 2011 disaster events regarding the unmet needs of the eligible local governments in those areas. Some of the unmet needs data submitted was general and some were project specific.

Unmet needs from these consultations are summarized by area as follows:

**South Central Ozark region (Wright, Texas, Shannon, Douglas, Ozark, Howell, and Oregon counties)** – replacement of low water crossings and county bridges affected by flooding throughout various jurisdictions.

**Bootheel region (Dunklin, Pemiscot, New Madrid, Stoddard, Scott and Mississippi counties)** – all jurisdictions have need of:

- street and drainage repairs from 2011 flooding ($3,953,032),
- bridge repair/replacement ($207,150),
- environmental cleanup ($200,000);

**Meramec region (Phelps and Pulaski counties)** – replacement of low water crossings and county bridges affected by flooding throughout various jurisdictions.

**Mid-Missouri region (Cooper and Howard counties)** –

- Cooper County – improvements to Wooldridge levee, sandbagging machines and road barriers to use during flooding events
- Howard County - flat bottomed boat for rescues on small tributaries

**Ozark Foothills region (Reynolds, Wayne, Carter, Ripley and Butler counties)** –

- Carter County -- Flood Buyout
- Doniphan R-1 School -- Flood Control
- City of Van Buren -- Flood Buyout
- City of Van Buren -- Low Water Crossing Replacement I & II
- City of Doniphan -- Flood Buyout
- City of Doniphan -- Quick Creek Bank Stabilization
- City of Poplar Bluff – Flood Buyout
- Piedmont – McKenzie Creek stream bank stabilization
- Carter County – Road repairs
- Naylor – Street pavement, storm water drainage
- Naylor -- Storm Water Drainage
Northwest region (Atchison and Holt counties) –

- Holt County PWSD #1 – Interconnection of a 4” line between Bigelow and Mound City (about 3 miles) to serve as a secondary route since the primary route comes in from the west and is more susceptible to flood effects. USDA-RD version of the ER on this project is complete. **PER estimated the project at $358,700.**

- Holt County PWSD #1 - The ER for PWSD #1 also included an interconnection of an 8” line to the City of Oregon from an existing line about two miles south of I-29 to the Oregon city limits (about 2.6 miles). This could serve the dual purpose of a secondary source for either the PWSD or the City of Oregon depending on the need. **This project was estimated at $387,500.**

- Holt County Levee 9 – This project would just finish up certain aspects of the original repair that didn’t get resolved – mainly reseeding of certain sections of the repaired area. **Approximately $39,000.**

- Holt County Levee 10 – The district would like to raise the levee higher, but this is the location where the district actually removed part of the height of the level to affect other repairs. **Cost unknown – no PER or cost estimate.**

- Craig/Big Lake/Big Lake State Park – There is no estimate yet on this and no coordination has been done to see if it is really a viable project, but the commissioners mentioned that it might be advantageous to tie Big Lake and Big Lake State Park into the Craig wastewater treatment system since it is closer to the edge of the flood plain and less susceptible to flooding. This would involve about a 7-mile interconnection with booster pumps. **Cost unknown – no PER or cost estimate.**

- Holt County - Canon Levee District - Clean out ditches (Binder Annex and Lateral “C”), keep filling in with sand. Raise Bob Brown Levee due to shrinking. **Approximately $15,000.**

- Tarkio Drainage – The proposed project will make repairs and improvements in the city’s storm water drainage system to enable it to handle normal as well as severe storm water quantities and reduce potential flooding. The project was divided into four phases. The initial phase has been completed. **Total estimated cost: $317,000 – $1,324,000.**

- Langdon Bridge – The proposed project will replace the existing Langdon Bridge which was damaged as a result of the 2011 flood. While minimal repairs have been made, the useful life of the bridge has been exceeded and strict weight restrictions have been implemented. The bridge’s current rating by MoDOT is 2 out of 10, on the verge of being closed to all traffic. **Total estimated cost $102,000.**

- I-29 and Hwy 136 Intersection Lighting – The proposed project will install new lighting on and around the intersection of Interstate 29 and Highway 136. This intersection provides access to the Missouri River, local businesses, and one route to Northwest Missouri State University. All business owners in the immediate vicinity support the addition of lighting in order to allow for continued economic development. **Total estimated cost: $140,000.**
Mo-Kan region (Andrew and Buchanan counties) –

Levee districts would like funds to make additional repairs to the infrastructure. There are three levee districts totaling 29 miles.

- Tree removal between Missouri River and levee- The flood killed several hundred cottonwood trees. The issue is during periods of high winds, the dead trees fall on the levee and cause damage. Nobody anticipated this concern, therefore it was not addressed by the COE.
- Reseeding- The COE applied seed following the flood; however, the 2012 drought essentially killed this improvement. The levee districts are responsible for mowing/maintaining the levee, so it must be covered in grass to meet COE standards.
- Levee crown repair- Following the 2011 flood, the COE and contractors made repairs to levees. Despite these renovations, deep ruts were left in the levee crowns. This results in water pooling and degradation of the infrastructure.
- Pumps for repetitive flooding- Currently, levee districts rely on portable pumps provided by either COE or the county. In periods of heavy rains, gravity gates cannot open to the Missouri River, which leads to water inundating roads, houses, farms, businesses. They are requesting funds to build permanent infrastructure to reduce flooding.

- Village of Lewis and Clark is requesting funds for tree removal and demolition.
- Three bridges in Andrew (one-$270k) and Buchanan counties (two-$469k and $300k).
- An area in Andrew County that was washed out due to tributary back up during 2011 flood. This resulted in a county road being closed ($1 million due to COE involvement).
- The estimated cost for all of these activities is $3.2 million.
- Economic revitalization activities to spur or assist the agricultural economy of northwestern Missouri as the flooding impacted agriculture in 2011.

Lake Ozark region (Miller County) – Tavern Creek/Heocker Road and Saline Valley drainage improvements

Kaysinger Region – drainage improvements in El Dorado Springs

2. Allocation of Available Resources to Unmet Needs

Per the HUD data included in Attachment 2, unmet Housing and Business needs in the declared Missouri counties totaled $107,257,964. Of this amount, $74,283,794 was related to housing and $32,974,170 was related to businesses. In addition, per the FEMA/SEMA data in Attachment 3, the total Public Assistance need for DR-1980 and DR-4012 is $177,781,945. Due to the magnitude of the disaster events, and the massive amount of unmet need remaining, it is impossible to address all of these needs with available funding. DED will accept applications based on local needs and priorities for long-term recovery in disaster affected areas.

3. Promotion of Short and Long Term Recovery Planning

Approximately 21,000 communities across the United States (approximately 600 in Missouri) and its territories participate in the NFIP by adopting and enforcing floodplain management ordinances to reduce future flood damage. In exchange, the NFIP makes federally backed flood insurance available to
homeowners, renters, and business owners in these communities. Community participation in the NFIP is voluntary.

At the request of FEMA, each Governor has designated an agency of State or territorial government to coordinate that State's or territory's NFIP activities. These agencies often assist communities in developing and adopting necessary floodplain management measures. In Missouri, this responsibility is the statutory responsibility of the Missouri State Emergency Management Agency (SEMA).

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

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

When the community chooses to join the NFIP, it must adopt and enforce minimum floodplain management standards for participation. FEMA works closely with State and local officials to identify flood hazard areas and flood risks. The floodplain management requirements within the SFHA are designed to prevent new development from increasing the flood threat and to protect new and existing buildings from anticipated flood events.

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

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

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

"Floodplain management measures" refers to an overall community program of corrective and preventive measures for reducing future flood damage. These measures take a variety of forms and generally include zoning, subdivision, or building requirements, and special-purpose floodplain ordinances.
The minimum federal requirements affect existing buildings only when an existing building is substantially damaged or improved. There may also be situations where a building has been constructed in accordance with a local floodplain management ordinance, and the owner subsequently alters it in violation of the local building code, without a permit. Such unapproved modifications to an existing building may not meet the minimum Federal requirements.

"Substantial damage" means damage of any origin sustained by a building when the cost of restoring the building to its pre-damaged condition would equal or exceed 50 percent of the market value of the building before the damage occurred. Substantial damage is determined regardless of the actual repair work performed. "Substantial improvement" means any rehabilitation, addition, or other improvement of a building when the cost of the improvement equals or exceeds 50 percent of the market value of the building before start of construction of the improvement. The term includes buildings that have incurred "substantial damage." Substantial improvement or damage does not, however, include any project for improvement of a building to correct existing violations of State or local health, sanitary, or safety code specifications identified by local code enforcement officials as the minimum specifications necessary to assure safe living conditions. Also excluded from the substantial improvement requirement are alterations to historic buildings as defined by the NFIP.

Missouri has suffered through 15 Presidential Disaster Declarations since 2008 (six in 2008, three in 2009, one in 2010, five in 2011). After each disaster event, Missouri SEMA sent notices to each participating community in the declaration to remind them to perform a “substantial damage” survey of affected properties and notify the owner of each structure declared substantially damaged of the requirement to comply with the NFIP rules to meet the federal standards.

4. **Leveraging:**

Priority applications for 2013 CDBG Disaster funding are those that maximize the use of other state and/or federal funding and available local funds, and those that request CDBG funding to assist with the required non-federal share for Federal Emergency Management Agency (FEMA) and U.S. Army Corps of Engineers (USACE) funding. Applicants that do not propose other state, federal or local funding must demonstrate that such funding is not eligible or not available for the proposed activity.

5. **Promotion of high quality, durable, energy-efficient, and mold resistant construction methods**

All newly constructed, or rehabilitated, housing units must meet all locally adopted and enforced building codes, standards and ordinances. In addition, all rehabilitation, reconstruction and new construction should be designed to incorporate principles of sustainability, including water and energy sufficiency, resilience and mitigation of the impact of future disasters. When feasible, state subgrantees should follow best practices such as provided by the U.S. Department of Energy Home Energy Professionals: Professional Certifications and Standard Work Specifications. Also, state subgrantees are encouraged to consider the Livability Principles established by the Partnership for Sustainable Communities: [www.sustainablecommunities.gov](http://www.sustainablecommunities.gov).
At a minimum, the following construction standards are required.

- Green Building Standard for Replacement and New Construction of Residential Housing. Grantees must meet the Green Building Standard for:
  - all new construction of residential buildings; and
  - all replacement of substantially-damaged residential buildings. Replacement of residential buildings may include reconstruction (i.e., demolishing and re-building a housing unit on the same lot in substantially the same manner) and may include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls.
- The Green Building Standard is defined as: the state will require that all construction activities included above, meet an industry-recognized standard that has achieved certification under at least one of the following programs:
  - ENERGY STAR (Certified Homes or Multifamily High Rise);
  - Enterprise Green Communities;
  - LEED (NC, Homes, Midrise, Existing Buildings O&M, or Neighborhood Development);
  - ICC-700 National Green Building Standard;
  - EPA Indoor AirPlus (ENERGY STAR a prerequisite); or
  - any other equivalent comprehensive green building program.
- Standards for rehabilitation of non-substantially-damaged residential buildings:
  - For rehabilitation other than that described above, state subgrantees must follow the guidelines specified in the HUD CPD Green Building Retrofit Checklist, available on the CPD Disaster Recovery Web site. Grantees must apply these guidelines to the extent applicable to the rehabilitation work undertaken, including the use of mold resistant products when replacing surfaces such as drywall. When older or obsolete products are replaced as part of the rehabilitation work, rehabilitation is required to use ENERGY STAR-labeled, WaterSense-labeled, or Federal Energy Management Program (FEMP)-designated products and appliances. For example, if the furnace, air conditioner, windows, and appliances are replaced, the replacements must be ENERGY STAR-labeled or FEMP-designated products; WaterSense-labeled products (e.g., faucets, toilets, showerheads) must be used when water products are replaced. Rehabilitated housing may also implement measures recommended in a Physical Condition Assessment (PCA) or Green Physical Needs Assessment (GPNA).
- Green infrastructure policies are encouraged to the extent feasible.

6. Rehabilitation, Reconstruction and Replacement of Public and HUD-assisted Housing and Housing for the Homeless.

The State is conducting a survey of public housing authorities located in the specified disaster declared areas in 2011 to determine unmet needs related to the disaster events. If it is determined that there are unmet needs, DED will work with those public housing authorities on funding opportunities. DED will follow its Duplication of Benefits process to ensure nonduplication of benefits.

The Missouri Housing Trust Fund assisted 4,612 persons with rental assistance, mortgage assistance, hotel/motel vouchers, and/or utility assistance in ten counties to help prevent those persons from becoming homeless.
7. **Providing adequate, flood resistant housing for all income groups that live in the flood impacted areas**

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

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

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

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

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

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

Homeless shelters and transitional housing units impacted by the flood are eligible for assistance through this plan, if these facilities are located outside the 100 year flood plain. If they are/were located within the 100 year flood plain, the facility could be eligible for assistance in rebuilding outside the flood plain.

The disasters affecting Missouri in 2011 did not distinguish concerning the income levels or special needs of those who were affected. Special needs individuals were accommodated when needed.

8. **Anti-Displacement policy:**

The State has in effect and is following a residential anti-displacement and relocation assistance plan required under section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME programs. All applicants for CDBG Disaster funding must also certify an Anti-Displacement plan. The sample Anti-Displacement plan required of all CDBG applicants is included as Attachment 1.
9. Program income

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

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

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

10. Monitoring (ensuring program requirements, including nonduplication of benefits)

Monitoring checklists of all compliance areas have evolved over the years of administering the Community Development Block Grant by state staff. These checklists are provided to all grantees during the initial training for grant administration to clarify compliance requirements and to inform the grantees of the areas to be monitored.

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

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

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

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

The State’s CDBG administrative manual and monitoring checklists may be found on the DED website: [www.ded.mo.gov](http://www.ded.mo.gov).

**Duplication of Benefits (DOB):**

When a disaster event occurs, an individual or family who incurs property damage to their home may receive initial assistance to repair their home or rental property from several sources. They may file a storm damage claim with their private insurance company. They might receive financial assistance from FEMA or SBA. By the time the grantee applies and receives buyout assistance, several months to a year may have passed since the disaster event occurred. Before a grantee is allowed to provide buyout assistance to an individual or family property owner, the grantee must go through the process of making a duplication of benefits determination for each property owner who applies to participate in the grantee’s voluntary buyout program.

In general, 42 U.S.C. 5155 (Section 312 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act, as amended) prohibits any person, business concern, or other entity from receiving financial assistance with respect to any part of a loss resulting from a major disaster as to which he has received financial assistance under any other government program or from private or flood insurance or any other private, public, or non-profit source. In accordance with the Stafford Act, Community Development Block Grant (CDBG) Disaster Recovery funds **may not** be used for any costs for which other disaster recovery assistance was previously provided to an individual or family. CDBG funds are to be
used to address the unmet disaster needs of the family or individual that was not previously addressed by other sources of funds.

The Missouri Department Economic Development (DED) is responsible for the administration of the CDBG Disaster Recovery Program for the unmet needs of disaster victims. In the event an eligible household previously received disaster assistance from other sources including, but not limited to, private insurance payments, insurance reimbursements, Federal Emergency Management Agency (FEMA), and/or the Small Business Administration (SBA), the amount received must be considered when determining the amount of CDBG Disaster Recovery Program (Program) assistance that may be provided to that individual or family.

The CDBG disaster recovery assistance under a grantee’s program will address the remaining unmet needs of the individual or family applicants in addition to providing assistance that will result in housing that is decent, safe, and sanitary at a minimum upon construction completion. Any shortfall in previous disaster assistance that was received to complete a housing repair, purchase, or construction is considered an unmet need or “gap”.

The most common sources of disaster recovery assistance after a disaster event comes from FEMA, SBA, and insurance; however, disaster recovery assistance may also come from non-profit and for-profit organizations, faith-based organizations, or other disaster relief organizations.

Financial assistance received from any organization that is provided for the stated purpose of housing repair is considered a Duplication of Benefits (DOB). Financial assistance provided by any organization for the general purposes of disaster assistance (i.e. is not specifically for housing repair) is not considered a DOB because the funding can be used at the beneficiaries’ discretion.

The general rule of thumb is that if a property owner received disaster recovery assistance that was intended to be used for repair or replacement of a storm-damaged home, there is the potential for a duplication of benefits (DOB) under a buyout program since the grantee’s buyout program also provides disaster assistance for repair or replacement at the same property. For example, a property owner’s insurance company generally provides insurance proceeds for the replacement and/or repair of structural damage caused by storms, as well as personal property, temporary housing, and other covered events as specified in the individual policy. A DOB calculation in this example would only include the amount received for structural damage repairs or replacement, since a buyout program does not provide assistance for furniture, or lost food and clothing.

However, if a home was flood-damaged, typically a property owner either has flood insurance through the National Flood Insurance Program (NFIP) with FEMA/SEMA, or they have no flood insurance coverage. If they processed a claim with NFIP, then the DOB issues is whether the property owner used their insurance proceeds to make the repairs to their home.

If the property owner can provide receipts and payment documentation, then the amount that they are able to document will not be deducted, as part of the DOB calculation, from the buyout’s appraised value of their home or rental property.

If however, they used their NFIP insurance proceeds for a down payment on a pick-up truck (for example), then their insurance proceeds were not used for their intended repair purpose. Hence, for
the grantee to provide CDBG funds for that same repairs would constitute a duplication of that same repair benefit to that property owner. Here, the amount of the insurance proceeds that were received for the flood repairs, but not used for that repair purpose, would be deducted from the grantee’s appraised value of their home, as the DOB calculation prior to the grantee making a buyout offer to that property owner.

For example, if a property owner received $10,000 from their NFIP insurance policy for 2008 flood to repair flood damage to their home, but used it to pay off their credit card debts, then that $10,000 would be subtracted from the appraised value of their home prior to the grantee making a buyout offer to that property owner. If their home was appraised at $60,000, based on the pre-flood value, then the grantee’s buyout offer would be $50,000. If however, the property owner was able to provide the grantee with documentation of $10,000 in repairs in the form of cancelled checks with source documentation of matching receipts, then the $10,000 would not be subtracted and the grantee’s buyout offer to that property owner would be the actual appraised value of $60,000.

Another example pertains to a term in a mortgage agreement that requires the property owner to pay off their mortgage with their NFIP insurance proceeds. In this example, the grantee’s buyout offer to the property owners would still be $60,000. The insurance proceeds would not be subtracted as a DOB.

However, when a payoff term does not exist in the mortgage agreement, but the property owners unilaterally used their $10,000 in insurance proceeds to pay down their mortgage; then, the $10,000 would be subtracted from the appraised value as DOB. In this example, the grantee’s buyout offer to the property owner’s would be $60,000 – (less) $10,000 = $50,000.

**STEPs TO DETERMINE AND VERIFY DOB:**

*Introduction:* This policy document will describe the process that grantees must follow to ensure that CDBG funds will not duplicate other funding sources, and how to determine the amount of assistance that can be provided to a household under their buyout program that represent the applicant’s unmet needs. For purposes of this policy document, the process of verifying the amount received or available to the applicant from other sources, and how that assistance impacts the amount of disaster recovery assistance available under their buyout program is referred to as a **Duplication of Benefits Calculation (DOB Calculation)**.

In general, before a grantee can determine the amount of CDBG disaster recovery assistance that can be provided, it must first determine the total amount of funds received from other sources that represent a DOB under its disaster buyout program. A DOB occurs when disaster recovery assistance is received from other sources where the intended use of the assistance is for items that can be replaced or repaired. If the assistance was received for the **general purposes** of disaster assistance, non-structural items (such as fences, detached garages, carports, sheds, swimming pools, or personal belongings such as furniture, washers, or dryers), or for rental assistance, there is no potential for a DOB because the buyout program regulations will not allow the repair, replacement, or provision of those items. **Any** source of assistance that duplicates the assistance that can be received under the grantee’s buyout program must be part of a DOB calculation.
The following steps should be taken by a grantee once they receive and process an application received from a property owner.

**Step 1:** If an applicant received other assistance, the funds must be analyzed to determine the amount and use of funds previously received to assist with disaster needs. Applicants are required to disclose all sources of disaster recovery assistance received, and grantees are required to verify the amount received. If there are discrepancies, the grantee should determine the cause and make the appropriate DOB calculation modification to the appraised value of the property owner’s home or rental property.

Listed below are sources that may have provided disaster recovery assistance, and the process that is used to verify those amounts:

1. **Private Insurance:**
   
   Private Insurance proceeds must be disclosed by the applicant and must be verified by the grantee that the property owner received for storm or flood damage

   - Grantee must confirm the actual, final payout amount by contacting the insurance company directly. This may be accomplished by having the applicant sign a permission release statement that will allow the NFIP to release their insurance claim information. Grantee must ensure that a Subrogation Agreement is in place for past and future claim payout proceeds. Private insurance is not applicable to flood damage, as flood insurance is only available via the National Flood Insurance Program (NFIP).

2. **National Flood Insurance Program (NFIP):**
   
   NFIP Insurance proceeds must be disclosed by the applicant and must be verified by the grantee

   - Grantee must cross reference their buyout applicants with SEMA. This may be accomplished by having the applicant sign a permission release statement that will allow the NFIP to release their insurance claim information. The grantee must confirm the actual, final NFIP’s payout amount.

3. **FEMA (Individual Assistance Housing Program) (IA):**
   
   FEMA IA must be disclosed by the applicant and verified by Subrecipient

   - Verification may be achieved by cross referencing the FEMA assistance to determine if the property owner received IA. Grantees must review for any discrepancies between the buyout applicant’s disclosures and the amount of FEMA assistance that FEMA releases. This may be accomplished by having the applicant sign a permission release statement that will allow the NFIP to release their insurance claim information.
   - Grantees must request an updated FEMA DOB disk at least once every six months for the first two years after the storm for DOB calculation.

4. **SBA:**

   SBA loan information must be disclosed by the applicant and verified by the grantee
• Verification may be obtained by obtaining a release from the property owner for permission to have their records released by SBA

• Grantees are required to confirm the loan balance with SBA at the time an applicant is approved for assistance under their buyout program

5. Any other source disclosed by applicant:

All sources received by the applicant to recover from a flood, storm, or earthquake must be disclosed on the property owner’s buyout application

• Verification may be obtained through applicant documentation

• Applicant is required to certify as to whether they did or did not receive any other source of funding related to their property damage, and how the assistance was used

Step 2: DOB Calculation and Buyout Assistance Determination by Grantee

Once the previous disaster assistance is determined, a calculation is performed to determine the final DOB and buyout offer amount. A DOB calculation is performed by starting with the verified DOB amount and modifying that amount to account for eligible, documented expenditures. For example, tree removal to remove trees that obstructed access to a home, roof repair/replacement, removal of damaged Manufactured Housing Units (MHU), housing repairs such as windows, doors, foundation, electrical, plumbing, etc. are all eligible expenses under FEMA’s Individual Housing Program (IHP). FEMA funds intended for repair or replacement can also be used for temporary housing expenses. Temporary housing is defined as temporary living units, rental resources, and transient accommodations (e.g. hotels and motels). Further information may be found at: http://www.fema.gov/assistance/process/assistance.shtm.

Receipts are the best source to evidence expenditures and HUD, FEMA and SBA require that recipients document the manner in which the assistance was spent. A household’s “self-certification” attesting to and/or listing housing repair and/or replacement expenditures ALONE is NOT an eligible form of documentation. Self-certifications must be supported by further documentation as detailed below.

a) All receipts provided:
If the receipts that are provided by the buyout applicant document that the full amount of housing repair and/or replacement assistance previously received was used as intended, there is no duplication of benefits and an eligible buyout applicant can receive the full CDBG recovery amount needed for repair or reconstruction. Copies of all receipts must be retained in the applicant’s buyout project file.

b) No receipts provided:
If the applicant is unable to provide receipts, the full amount that represents a DOB will be deducted from the amount of disaster assistance for which the applicant would be eligible. The grantee’s buyout offer would be based on the appraised value of their property, less the DOB amount.

c) Partial receipts provided:
If receipts are provided documenting that only a portion of the housing repair and/or replacement assistance was used as intended, the DOB amount will equal to the total amount received for disaster recovery assistance from all other sources less the amount spent for eligible expenses. Here, the grantee’s buyout offer would be based on the appraised value of the applicant’s property, less the amount of the receipts that document the proceeds were used to pay for eligible repair or replacement expenditures.

In instances where no receipts or only partial receipts can be provided by the applicant, Grantees may include reported, eligible expenditures when calculating DOB only if:

1. the applicant provides a signed self-certified statement that documents in detail the cost for all labor and or repairs made to the damaged property following the disaster event; and
2. a Certified Inspector determines, based on their professional opinion, that the repairs were made after the date of the disaster event, and the reasonable value of those repairs or a statement supporting that the expenditures reported by the applicant appear reasonable; and
3. the Grantee documents, through photographs, that the repairs were made.

Grantees may also ask for additional support for the claimed expenditures when necessary, including bank statements, but the documentation must still be supported as described above.

A Certified Inspector(s) is a person or persons hired by the Grantee who is qualified to inspect for labor and or repairs made to the damaged home in the absence of receipts. Self-certified statements of applicants must be reviewed in detail by a Certified Inspector to determine:

- whether the noted repairs correspond to the certified statement;
- whether the repairs could be reasonably determined as occurring after the subject disaster event; and
- a reasonable value of the cost of repairs to the home (including possible labor) according to commonly used costing methods.

**d) Receipts and evidence of expenditures for items that did not result in actual repair/replacement:**

**Non-Repair Receipts**

Receipts for items that are not repair related or that are not specifically identified as eligible expenses by the other funding sources (FEMA, SBA, Insurance, etc.) cannot be included in the DOB calculation. As an example, receipts for cleaning products, yard items, or personal furniture would not be considered in a DOB calculation.

**Temporary Housing Expenses**

Assistance received to temporarily relocate from a damaged home is not a source of DOB under a buyout program, and it is generally not part of a DOB calculation, with one exception. FEMA does allow assistance received for Repair, Replacement, or Permanent Housing Construction to be used for Temporary Housing, as defined at [http://www.fema.gov/assistance/process/assistance.shtm](http://www.fema.gov/assistance/process/assistance.shtm). Applicants that use Repair or Replacement assistance received from FEMA for temporary housing expenses can provide evidence of those expenses for consideration in a DOB calculation.
In such cases, the following applies:

- The Grantees must consider the total amount of funds received from FEMA for repair or replacement, AND temporary housing assistance. To determine whether there is a DOB, the Grantee would calculate the total received less the amount of documented expenses. Then, the undocumented DOB amount would be subtracted from the property owner’s appraised value to come up with the grantee’s buyout offer amount.
- Self-certifications of the amount spent on or the value of rental resources obtained cannot be considered in the DOB calculation.

e) **SBA Relocation Assistance**: Grantees should also be aware that SBA does provide relocation assistance as part of the disaster victims Real Estate (RE) loan amount. Grantees may request a break-out for that type of assistance from SBA.

f) **Mortgage Payments**:
Disaster assistance funds received for repair or replacement that are voluntarily used by the applicant to make mortgage payments or to pay down the mortgage amount are a DOB, except when required in writing by the mortgage company. For example, some lenders require insurance policy holders to use their insurance proceeds to pay down or pay off the mortgage. In such cases, the amount verified by the Grantee that was used for this purposes cannot be included in the DOB calculation if it is supported by a letter that is on company letterhead and signed by an authorized representative stating the applicant was required to use their disaster assistance funds for this purpose. If the applicant is unable to obtain such a letter but can provide documentation evidencing that they were advised by either the lien holder or their attorney to pay down the note, the payment may not be considered a DOB.

g) **Contractor Fraud**
Immediately following disaster events, there is often an influx of “fly-by-the-night” contractors to the affected area. Disaster victims can find themselves in situations where they provide cash received to assist with their disaster needs to contractors to complete work that is never completed. Not only is the victim left with damage to the home, but also with little evidence that the event took place. In such cases, applicants to the Program may not be able to provide evidence that these expenditures were intended to be used for repairs to the home.

If the applicant is able to provide a copy of a report submitted to an entity that has the authority to take action on allegations of contractor fraud, including local law enforcement agencies, the Missouri’s Office of the Attorney General, or the HUD Office of Inspector General, and that report was filed PRIOR TO the date the Grantee began processing their application for assistance, the Grantee can include the amount reported as paid to the contractor in the DOB calculation. Any applicant claims that deviate from this exception must be submitted to DED for guidance on how to proceed. Applicants may not submit reports in an attempt to reduce the amount determined to be a DOB.

11. **Prevention of fraud, waste and mismanagement (including conflicts of interest)**

Monitoring checklists of all compliance areas have evolved over the years of administering the Community Development Block Grant by state staff. These checklists are provided to all grantees during
the initial training for grant administration to clarify compliance requirements and to inform the grantees of the areas to be monitored.

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

Technical assistance visits may be scheduled any time necessary, in addition to the required monitoring visit. For economic development grantees, transition meetings are conducted in the field after initial award commitment to introduce the compliance field representative and confirm to all parties involved the intricacies of the grant conditions.

Training is conducted on internal monitoring, as well as stressed in the administrative manual of the CDBG program. The four primary components of CDBG monitoring are progress on planned activities, program compliance, fiscal management, and fiscal compliance. It is the responsibility of each CDBG grant recipient to develop a system to assure that the financial and program compliance provisions established by federal and state law and supporting regulations and provisions are met. In addition to complying with all appropriate provisions, recipients must be assured that outside contractors and delegate agencies are likewise in compliance with the various laws and regulations. This will require development of a monitoring system that will allow recipients to:

- Manage their community development program as a whole, and individual projects and activities substantially, as described in the approved CDBG application;
- Maintain program or project progress;
- Determine that costs charged to the project are eligible;
- Document non-duplication of benefits (in addition, DED will work closely with FEMA and the State Emergency Management Agency to get recipient data in order to prevent duplication of benefits);
- Ensure that all program activities comply with all applicable laws and regulations and terms of the grant agreement; and
- Minimize the opportunity for fraud, waste, and mismanagement.
In addition, as required, the Supplemental CDBG funding will be included in the Department’s Single Audit, which is performed by the Missouri State Auditor, whose report is then provided to the Governor and the Director of the Department of Economic Development.

The State’s CDBG administrative manual and monitoring checklists may be found on the DED website: www.ded.mo.gov.

Conflict of Interest

The Community Development Block Grant Program, Department of Economic Development, State of Missouri, developed a conflict of interest policy in August 1983, relating to participation in contract selection, award, and administration. Since that time, this issue has arisen in other areas of the program. The State agreed, when it accepted the program in 1982, to abide by 24 CFR 570.611 of the Federal Regulations (conflict of interest) for the Community Development Block Grant Program. In an attempt to further clarify this issue for the State’s program, the State has adopted, as of March 1, 1987, the following position on conflict of interest, incorporating the August 1983 policy and extending the policy further to address other areas as provided in 24 CFR 570.611.

Standard of Conduct Involving Conflict of Interest

1. Persons Covered: The conflict of interest provisions of this policy shall apply to any person who is an employee, elected or appointed official, agent, consultant, officer, or any immediate family member* or business partner of the above, of the recipient, or of any designated public agencies, or sub-recipients which are receiving funds from the Missouri Community Development Block Grant program.

   * Immediate family is defined as husband, wife, son, daughter, father, mother, grandparent, grandchild, stepchild, adopted child, foster child, and wards.

2. Applicability:
   a. In the area of procurement of supplies, equipment, construction, and services by recipients, sub-recipients, or designated public agencies, the conflict of interest provisions in 24 CFR 85.36 or OMB Circular A-110, as applicable, shall apply.
   b. In all cases not governed by 24 CFR 85.36, the provisions of this policy shall apply. Such cases include the acquisition and disposition of real property and the provisions of assistance by the recipient or sub-recipients to individuals, businesses, and other private entities in the form of grants, loans, or other assistance through eligible activities of the program which authorize assistance.

3. Conflicts Prohibited: Except for approved eligible administrative or personnel cost, no persons described in 1 above who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under the State program or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter. For the State CDBG Economic Development Program, the above restrictions shall apply to all activities that are a part of the funding approval for all projects, and shall cover any such interest or benefit during, or at any time after, such person's tenure.

4. Exception: The State may, on a case by case basis, grant an exception to Section 3 above after a determination has been made by the State that the exception will serve the purposes of the Housing and Community Development Act of 1974 and the State's annual action plan for each year therefore only after the recipient has provided to the State the following written documentation:
a. A disclosure of the nature of the conflict accompanied by an assurance that there has been a public disclosure of the conflict and a description of how the public disclosure was made (which may include either a public hearing or an appropriate comment period); and
b. An opinion of the recipient's attorney that the interest for which the exception is sought would not violate State or local law.

**Standard of Determining Exception**

In determining whether to grant an exception, after the above two items have been received, the State shall consider the following factors, where applicable:

1. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available
2. Whether an opportunity was provided for open competitive bidding or negotiation
3. Whether the person affected is a member of a group or class of low or moderate income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class
4. Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted activity in question
5. Whether the interest or benefit was present before the affected person was in a position as described in Section 3
6. Whether undue hardship will result either to the recipient or the person affected when weighted against the public interest served by avoiding the prohibited conflict
7. Any other relevant considerations

If after all considerations, determination is made to grant an exception, the State shall issue a waiver noting such exception and the conditions and basis of the issuance of same.

**12. Administration/capacity building for grant recipients**

Up to 5% of the total allocation (XXXX) is allowed for state administrative (including local administration on awarded projects). At DED discretion and depending on the complexity of the project, up to 2% will be allocated for local administrative costs. Due to the limited amount of administration funding, applicants for CDBG Disaster funding should allocate as much local funding as possible to pay for administration. Technical assistance visits may be scheduled any time necessary, in addition to the required monitoring visit. For economic development grantees, transition meetings are conducted in the field after initial award commitment to introduce the compliance field representative and confirm to all parties involved the intricacies of the grant conditions.

**Method of Distribution**

1. The Needs Assessment demonstrated significantly higher need than can be met with available funding. Due to the magnitude of the disaster events, and the massive amount of unmet need
remaining, it is impossible to address all of these needs with available funding. DED will accept applications based on local needs and priorities for long-term recovery in disaster affected areas. This action plan programs only a portion of the total CDBG disaster recovery allocation that is awarded to Missouri. Remaining CDBG disaster recovery funds will be programmed via subsequent amendments to this plan.

2. All applications for 2013 CDBG Disaster funding will be evaluated for:

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

No maximum grant amount has been established for CDBG Disaster applications. Applicants must demonstrate financial need and leverage all (local, state and federal) available funds to minimize CDBG funding participation.

3. All applicants for CDBG disaster recovery funds must document the following:

- Projected use of CDBG disaster recovery funds, including the activity, budget and area served,
- Proposed start and end dates (project timeline, including the two year requirement for expenditure),
- CDBG eligibility and national objective,
- How the projected use of the funds relates to a specific impact of the disaster and will result in long term recovery,
- estimated and quantifiable performance outcomes (performance measures)
All of these components will be included in the CDBG Disaster Recovery application.

4. The projected uses for the CDBG disaster recovery funds, by responsible entity, activity and geographic area if the State carries out an activity directly

It is possible that the State (DED) will carry out an activity directly. This will depend entirely on need and applications received. Eligible activities will include housing, infrastructure and economic revitalization/development. The geographic area is limited to those areas included in Presidential Disaster declarations DR-1980 and DR-4012.
5. **For each proposed program and/or activity carried out directly, its respective CDBG activity eligibility category, as well as national objective**

It is possible that the State (DED) will carry out an activity directly. This will depend entirely on need and applications received. Eligible activities will include housing, infrastructure and economic revitalization/development. The geographic area is limited to those areas included in Presidential Disaster declarations DR-1980 and DR-4012. Any of the three CDBG national objectives may be used for activities carried out directly; however, at least 50% of the total allocation must meet the LMI national objective. Because of this requirement, recipients of CDBG Disaster funding should use the LMI national objective for all activities that qualify under the LMI criteria.

6. **How the method of distribution to local governments or programs carried out directly will result in long-term recovery from specific impacts of the disaster**

All applicants for CDBG Disaster funding must demonstrate the relationship of the proposed activity to the disaster event, and document how the proposed activity will assist in the long-term recovery from the disaster event.

7. **When funds are allocated to units of local government, all criteria used to distribute funds to local governments including the relative importance of each criterion**

- need (the breadth and depth of the disaster in terms of population affected and sectors (housing, infrastructure, business, environment) affected within the community (25%);
- capacity (the degree of expertise and experience that the local government or contracted agency has to manage the project, administer the funds, and succeed with the outcomes and objectives defined in the application) (10%);
- the project’s impact on short and long term community recovery (the amount of spin off, community awareness and support and degree to which the activities will lead to further recovery) (20%);
- local effort (other state/federal resources, local cash, human resources, in-kind efforts) and do the CDBG funds assist with non-federal share for FEMA and/or USACE funding (15%);
- consistency with a local short and long term recovery plans (10%);
- consistency with local and state floodplain management practices (10%);
- project sustainability and future disaster mitigation (the degree to which activities are defined with sound construction practices, quality and durability, energy efficiency and flood control or flood resistance) (10%)

8. **When applications are solicited for programs carried out directly, all criteria used to select applications for funding, including the relative importance of each criterion.**

- need (the breadth and depth of the disaster in terms of population affected and sectors (housing, infrastructure, business, environment) affected within the community (25%);
- capacity (the degree of expertise and experience that the local government or contracted agency has to manage the project, administer the funds, and succeed with the outcomes and objectives defined in the application) (10%);
- the project’s impact on short and long term community recovery (the amount of spin off, community awareness and support and degree to which the activities will lead to further recovery) (20%);
• local effort (other state/federal resources, local cash, human resources, in-kind efforts) and do the CDBG funds assist with non-federal share for FEMA and/or USACE funding (15%);
• consistency with a local short and long term recovery plans (10%);
• consistency with local and state floodplain management practices (10%);
• project sustainability and future disaster mitigation (the degree to which activities are defined with sound construction practices, quality and durability, energy efficiency and flood control or flood resistance) (10%)

Definitions of disaster related activities:

All CDBG disaster recovery activities must clearly address an impact of the disaster for which funding was appropriated. This means that each activity must:

1. be CDBG eligible,
2. meet a national objective, and
3. address a direct or indirect impact from the disaster.

A disaster related impact can be addressed through any eligible CDBG activity.

Housing – Typical housing activities include new construction and rehabilitation of single family or multifamily units (including garden apartments, condominiums, and units that participate in a housing cooperative). Most often, grantees use CDBG-DR funds to rehabilitate damaged homes and rental units; rehabilitation activities may include the costs associated with mold remediation. However, grantees may also fund new construction or rehabilitate units not damaged by the disaster if the activity clearly addresses a disaster-related impact and is located in a disaster-affected area. This impact can be demonstrated by the disaster's overall effect on the quality, quantity, and affordability of the housing stock and the resulting inability of the existing stock to meet post-disaster needs and population demands. The standard CDBG rehabilitation and reconstruction rules apply.

Flood insurance - Grantees, recipients, and subrecipients must implement procedures and mechanisms to ensure that assisted property owners comply with all flood insurance requirements, including the purchase and notification requirements described below, prior to providing assistance.

a. **Flood insurance purchase requirements.** HUD does not prohibit the use of CDBG-DR funds for existing residential buildings in the Special Flood Hazard Area (SFHA) (or “100-year” floodplain). However, Federal laws and regulations related to both flood insurance and floodplain management must be followed, as applicable. With respect to flood insurance, a HUD-assisted homeowner for a property located in the SFHA must obtain and maintain flood insurance in the amount and duration prescribed by FEMA's National Flood Insurance Program. Section 102(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) mandates the purchase of flood insurance protection for any HUD-assisted property within the SFHA.

b. **Future Federal assistance to owners remaining in a floodplain.** (1) Section 582 of the National Flood Insurance Reform Act of 1994, as amended, (42 U.S.C. 5154a) prohibits flood disaster assistance in certain circumstances. In general, it provides that no Federal disaster relief assistance made available in a flood disaster area may be used to make a payment (including any loan assistance payment) to a person for repair, replacement, or restoration for damage to any personal, residential, or commercial property if that person at any time has received Federal flood disaster assistance that was conditioned on the person first having obtained flood
insurance under applicable Federal law and the person has subsequently failed to obtain and maintain flood insurance as required under applicable Federal law on such property. This means that a grantee may not provide disaster assistance for the repair, replacement, or restoration to a person who has failed to meet this requirement. (2) Section 582 also implies a responsibility for a grantee that receives CDBG-DR funds or that designates annually appropriated CDBG funds for disaster recovery. That responsibility is to inform property owners receiving disaster assistance that triggers the flood insurance purchase requirement that they have a statutory responsibility to notify any transferee of the requirement to obtain and maintain flood insurance, and that the transferring owner may be liable if he or she fails to do so.

**Infrastructure** – Typical infrastructure activities include the repair, replacement, or relocation of damaged public facilities and improvements.

**Economic Revitalization** – Without the return of businesses and jobs to a disaster-impacted area, recovery may be impossible. Therefore, HUD strongly encourages grantees to envision economic revitalization as a cornerstone to long-term recovery. Economic revitalization is not limited to activities that are “special economic development” activities under the Housing and Community Development Act (HCD), or to activities that create or retain jobs. For CDBG-DR purposes, economic revitalization can include any activity that demonstrably restores and improves the local or regional economy, such as addressing job losses. Examples of eligible activities include providing loans and grants to businesses, funding job training, building education facilities to teach technical skills, making improvements to commercial/retail districts, and financing other efforts that attract/retain workers in devastated communities.

**Per HUD requirement, 2013 CDBG Disaster funds can only be used to assist a business meeting the definition of a small business as defined by the Small Business Administration (SBA) at 13 CFR part 121.**

All economic revitalization activities must address an economic impact(s) caused by the disaster (e.g., loss of jobs). Applicants for State Disaster CDBG funding for economic revitalization activities must clearly identify the economic loss or need resulting from the disaster, and how the proposed activities will address that loss/need.

**Preparedness and Mitigation** – The Appropriations Act states that funds shall be used for recovering from a Presidentially-declared major disaster. As such, all activities must respond to the impacts of the declared disaster. HUD strongly encourages grantees to incorporate preparedness and mitigation measures into all rebuilding activities, which helps to ensure that communities recover to be safer, stronger, and more resilient. Incorporation of these measures also reduces costs in recovering from future disasters. Mitigation measures that are not incorporated into rebuilding activities must be a necessary expense related to disaster relief, long-term recovery, and restoration of infrastructure, housing, or economic revitalization. Furthermore, the costs associated with these measures may not prevent the grantee from meeting unmet needs.

**Connection to the Disaster** – Each grantee must document how each activity is connected to the disaster for which it is receiving CDBG assistance. In regard to physical losses, damage or insurance estimates are often the most effective tool for demonstrating the connection to the disaster. For economic or other non-physical losses, post-disaster analyses or assessments may document the relationship between the loss and the disaster.
Grantees are not limited in their recovery to returning to pre-disaster conditions. Rather, HUD encourages grantees to carry out activities that not only address disaster-related impacts, but leave communities sustainably positioned to meet the needs of their post-disaster populations and to further prospects for growth.

**Use of funds for other disasters not covered by the Appropriations Act** – CDBG disaster recovery funds are limited to activities that respond to areas included in Presidential Disaster Declarations 1961, 1980 and 4012. However, CDBG disaster recovery funds may be used to address an unmet need that arose from a previous disaster which was exacerbated by a 2011 disaster event (included in Presidential Disaster Declarations 1961, 1980 and 4012). If an impact or need originating from one of the specified 2011 Disaster events (1961, 1980 and/or 4012) is subsequently exacerbated by a future disaster, CDBG disaster recovery funds may be used to address the resulting exacerbated unmet need.

**Timely Expenditure Requirement** – CDBG disaster recovery funds **must** be expended within two years of obligation. Language regarding the two-year deadline for expenditure of funds will be expressly stated in grant agreements with sub-grantees, including the provision that funds will automatically be cancelled on a defined date if funds have not been drawn, or will not be drawn, in their entirety for the project. **No exceptions will be allowed regarding this requirement.**

**CDBG eligible activities**

1. Property Acquisition
2. Property Disposition
3. Property Clearance/Demolition
4. Architectural Barrier Removal
5. Senior Center
6. Community Facilities
7. Centers for the Handicapped
8. Historic Properties
9. Water Treatment/Storage
10. Sanitary Sewer Collection
11. Storm Sewers
12. Flood and Drainage Facilities
13. Streets (or Roads)
14. Street Accessories
15. Parking Facilities
16. Bridges
17. Sidewalks
18. Pedestrian Malls
19. Recycling or Conversion Facilities
20. Parks and Recreation Facilities
21. Fire Protection/Facility Equipment
22. Solid Waste Disposal Facilities
23. Other Utilities
24. Public Service/Supportive Services
25. Rehabilitation of Private Residential Properties
26. Rehabilitation of Public Residential Properties
27. Payments for Loss of Rental Income
28. Relocation
29. Code Enforcement
30. Energy Use Strategy
31. Non-Federal Share Payment
32. Interim Assistance
33. Planning
34. Commercial or Industrial Facilities
35. Administration
36. Engineering/Design
37. Housing Rehab/Demo Inspection
38. Engineering/Construction Inspection
40. Audit
41. Port Facility
42. Airports
43. Natural Gas Lines
44. Electrical Distribution Lines
45. Rail Spurs
46. Lighting
47. Other Professional Services
48. Security Fencing
49. Site Preparation
50. Purchase Land/Building
51. Facility Construction Renovation
52. Machinery/Equipment
53. Working Capital
54. Sewage Treatment
55. LDC Homeownership Assistance – up to $15,000 to purchase a new home
56. Legal
57. 911 Emergency Systems
58. Homeowners Assistance- up to $5,000 to purchase an existing DSS home
59. Lead-Based Paint Risk Assessment
60. Asbestos Removal
61. Job Training*
62. Home-Ownership Counseling
63. Substantial Reconstruction of the reconstruction of private residential properties on same lot- up to $15,000
64. Water Distribution
65. Lead Reduction NOT incidental to Rehab
66. Asbestos Inspection
**National Objective**

All three national objectives may be used with these disaster recovery funds: low and moderate income (LMI) benefit, slum and blight removal, and urgent threat to health and safety. No less than 50% of the State’s allocation of disaster recovery funding must be used for activities that meet the LMI national objective. Because of this requirement, grantees should use the LMI national objective for all activities that qualify under the LMI criteria.

**Funds Obligation**

To ensure timely expenditure of CDBG Disaster Recovery funds, section 904(c) under Title IX of the Appropriations Act requires that all funds be expended within two years of the date HUD obligates funds to the State (funds are obligated to a grantee upon HUD's signing of the grantee's CDBG-DR grant agreement). Because of this statutory requirement, DED will request that HUD obligate funds in phases; those phases will be based on activities approved by DED for specific projects. Each obligation of funds by HUD has its own two year expenditure requirement. In short, projects approved for CDBG Disaster Recovery funding may have several obligations of funding for a single project. Each obligation of funds from HUD will be requested by DED via a Substantial Amendment to this initial Action Plan.

For example, an approved project for a construction activity may first receive an obligation of funds for engineering design, preparation of environmental review documents, and administration to carry out these specific activities. This obligation must be expended within two years of award. A second obligation of funds may occur when a construction contract is signed, with that second obligation having its own two year expenditure requirement. In the case of a large construction activity, construction funds may be obligated in two or more separate components, with each obligation having its own two year expenditure requirement.

Because of this expenditure requirement, detailed expenditure projections will be required of all State grantees awarded funds from this Disaster Recovery allocation.

In order to obligate a portion of the funds as required in this initial action plan, DED will obligate, upon HUD approval of this action plan, the following funds requested on an existing application.

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Amount</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portageville</td>
<td>$31,200</td>
<td>Engineering design for storm drainage improvements (completion date – 6 months from date of obligation)</td>
</tr>
<tr>
<td>Portageville</td>
<td>$2,500</td>
<td>Environmental review preparation (completion date – 6 months from date of obligation)</td>
</tr>
<tr>
<td>Portageville</td>
<td>$2,500</td>
<td>Initial project administration (completion date – 6 months from date of obligation)</td>
</tr>
<tr>
<td>Total</td>
<td>$36,200</td>
<td></td>
</tr>
</tbody>
</table>

DED will invite further applications for CDBG Disaster Recovery funding.
**Amendment #1 – Second Obligation of funding**

DED executes a second obligation of 2013 CDBG Disaster funds totaling $3,515,606.65. This obligation must be entirely expended within two years of HUD approval of the obligation.

This obligation of funds will be allocated to projects as detailed below:

**Portageville –** Portageville is addressing flood drainage improvements as a result of the flooding in 2011. The initial DED obligation of disaster funding went to Portageville for the initial administration and engineering design costs of this project. DED will obligate an additional $377,981 on this project to cover a portion of the construction costs, construction inspection and the remaining administration costs.

**Joplin –** DED is assisting with the non-FEMA eligible demolition and removal costs associated with severely damaged homes directly related to the May 2011 tornado. DED will obligate $2,662,625.65 for eligible costs of demolition and removal plus related administration costs for these activities. This amount reflects the eligible costs in 2011, 2012, 2013 and 2014.

**St. Louis County –** DED is assisting with economic revitalization efforts in Ferguson related to recovery from the 2011 tornado events that struck North St. Louis County. DED will obligate $275,000 via the United Way to assist with housing and economic revitalization planning efforts specifically directed at identification of solutions for vulnerable populations related to recovery from the tornado event.

In addition, DED will obligate a total of $200,000 for estimated State administrative expenses over the next two years.

**Obligation #1 - $36,200.00**

<table>
<thead>
<tr>
<th>Project</th>
<th>Engineering Design</th>
<th>Other Professional Services</th>
<th>Administration</th>
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<tr>
<td>Portageville flood drainage</td>
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**Obligation #2 - $3,515,606.65**

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<tr>
<th>Project</th>
<th>Demolition/debris removal</th>
<th>Administration</th>
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<tr>
<td>Joplin demolition &amp; debris removal</td>
<td>2,659,609.94</td>
<td>3,015.71</td>
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<tr>
<td>St. Louis County recovery planning</td>
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<td>275,000.00</td>
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<tr>
<td>Portageville flood drainage</td>
<td>348,960.00</td>
<td>5,621.00</td>
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</table>

**Department of Economic Development State Administration**

<table>
<thead>
<tr>
<th>State Administration</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>200,000.00</td>
</tr>
</tbody>
</table>

**Citizen Participation – Initial Action Plan**

This draft action plan is being made available on the Department of Economic website for a seven day comment period beginning August 16, 2013 and ending on August 22, 2013. Local governments must be
cognizant of the needs of Limited English Proficiency (LEP) persons in their jurisdictions, and must make reasonable accommodations to ensure that this information is available to all persons.

The following comments were received:

1) No cap on per project funding could mean the pool is swallowed up by a handful of very large projects (tends to favor urban areas)
   DED response: The priority is still to use these funds as gap financing tools. Disaster recovery runs the spectrum as far as size and amounts of projects are concerned, and it’s very difficult to set a cap on disaster recovery. DED will allocate these funds as best we can to assist in priority recovery projects.

2) Administration at 2% will be pretty tight for most projects.
   DED response: HUD is only allowing a small cap on administration for both state and local administration of these funds. We understand that 2% is not very much administration; however, we suggest that grantees inject sufficient funds to cover administration. We’re still going to use these funds as gap financing. DED’s evaluation process for all CDBG applications includes local leveraging. With limited CDBG funding, the inclusion of local funds in projects is more important than ever. To ensure sufficient administration funding, grantees are encouraged to pay for administration from local funds.

3) If a project is funded in phases, is there a guarantee of funding subsequent phases? I.e., if I get engineering funded for a project, is the construction guaranteed to be funded, or is it first come, first served? Put another way, will you obligate entire projects (regardless of the number of phases), or will you obligate phases only? You’d hate to get half a project built, and then the money runs out for the last phase.
   DED response: DED will approve an entire project. Due to the strict two year expenditure requirement, we’ll obligate in phases (unless the entire project is guaranteed to finish in two years); that’s how HUD will obligate to us as well. However, we’re not going to approve only half a project; we’ll approve the whole thing. The key point here is terminology. We’ll approve an entire project, but only obligate (via funding approval) what can certainly be expended in two years. There will be one project approval, but possibly a series of actual obligations.

Citizen Participation – 1st Obligation Amendment

The amendment was made available on February 20, 2015 for a seven day public comment period ended at 5 pm on February 26, 2015. No comments were received during the comment period.