



Substantial Action Plan Amendment 10
August 1, 2025

Hurricane Florence CDBG-DR Action Plan

State of North Carolina

This page intentionally left blank.

Revision History

Version	Date	Description
1.0	February 5, 2020	Initial Action Plan
1.1	March 13, 2020	Revised Action Plan – Public Comment Period and HUD Review
2.0	June 9, 2020	Amendment 1 - Establishment of an upper limit on income eligibility
3.0	January 11, 2021	Amendment 2 – Changes to programs, removal of the Strategic Buyout and Infrastructure funding allocations, updates to timeframes and some definitions.
4.0	January 18, 2022	Amendment 3 – Multiple allocation changes, including reallocating from the Small Rental Recovery Program and Construction Trades Training Program to the affordable housing effort and increasing the Homeowner Recovery Program allocation; programmatic eligibility and detail changes in several programs.
5.0	December 9, 2022	Amendment 4 – Reanalysis of Unmet Need specifically related to owner-occupied housing, rental housing and infrastructure. Multiple allocation changes, including: (1) increases to Homeowner Recovery Program and Affordable Housing Development Fund, (2) decreases in Planning and the Code Enforcement Compliance and Support Program. Removal of Public Housing Development Fund allocation which is being reallocated to CDBG-MIT under the State’s CDBG-MIT Action Plan. Programmatic detail changes in several programs. General Requirements changes related to promissory notes, subsidized loans, procurement standards and displacement.
6.0	June 23, 2023	Amendment 5 – Nonsubstantial Amendment that includes technical clarifications to the Affordable Housing Development Fund program.
7.0	March 15, 2024	Amendment 6 – Multiple allocation changes, including the following: Allocation increases to the Homeowner Recovery Program and Planning. Decreases in allocation to the Affordable Housing Development Fund, reflecting a partial reallocation to State’s CDBG-MIT Action Plan. Removal and complete reallocation to the State’s CDBG-MIT Action Plan of three programs, the Code Enforcement and Compliance Support Program (CECSP), the Homeownership Assistance Program, and the Housing Counseling Fund. Programmatic updates to several programs. General Requirements updates related to elevation requirements, duplication of benefits, and application status. Updates to Appendices A and F.
8.0	August 23, 2024	Amendment 7- Nonsubstantial Amendment that includes minor allocation changes to the Affordable Housing Development Fund and Homeowner Recovery programs.
9.0	September 18, 2024	Amendment 8- Nonsubstantial Amendment that includes additional minor allocation changes to the Affordable Housing Development Fund and Homeowner Recovery programs.
10.0	September 26, 2024	Amendment 9 -Nonsubstantial Amendment to include minor allocations changes to the Affordable Housing Development Fund and Homeowner Recovery Programs.
11.0	August 1, 2025	Amendment 10 – Substantial Amendment to incorporate revisions and technical updates to substantial action plan amendment 6, nonsubstantial amendment 8 and nonsubstantial amendment 9. Additional revisions include changes to existing Affordable Housing Development Fund and Planning activities.

This page intentionally left blank.

1.0 Summary of Action Plan Changes – Amendment 10	1
1.1 Overview	1
1.2 SAPA 6 Technical Corrections	1
1.3 Combining NSAPA 8 and NSAPA 9	2
1.4 Planning Activity Reduction - DFI	2
1.5 Planning Activity Reduction – Bladen County	2
1.6 Allocation Changes	3
2.0 Executive Summary	5
3.0 Authority	9
4.0 Recovery Needs Assessment	11
5.0 General Requirements	14
5.1 Elevation Requirements	14
5.2 Flood Insurance Requirements	15
5.3 Duplication of Benefits (DOB)	16
5.3.1 NCORR Subsidized Loans	17
5.3.2 Other Subsidized Loans	17
5.4 Construction and Green Building Standards	18
5.4.1 Construction Performance	20
5.4.2 Broadband	20
5.4.3 Cost Verification	21
5.4.4 Timely Expenditure of Funds	22
5.4.5 Operation and Maintenance Plans	24
5.5 Long Term Planning and Risk Considerations	24
5.5.1 High Wind	25
5.5.2 Sea Level Rise	26
5.5.3 Stakeholder Engagement	26
5.6 Assessment of Public Services Required	27
5.7 Minimizing Displacement and Ensuring Accessibility	27
6.0 Allocation Methodology	32
6.1 Connection between Unmet Recovery Need and Programming	32
6.2 Allocations and Programming	33
6.3 Method of Distribution and Delivery	33

6.4 Vulnerable Populations.....	34
6.4.1 Terms Defined	34
6.4.2 Assessing the Needs and Location of Vulnerable Populations	37
6.4.3 LMI Populations	41
6.4.4 Affordability Requirements	42
6.4.5 Application Status.....	43
6.5 Leverage Opportunities.....	43
7.0 Activities	45
7.1 Planning Activities.....	45
7.2 Homeowner Recovery Program.....	46
7.2.1 Program Description	46
7.3 Affordable Housing Development Fund	52
7.3.1 Program Description	52
7.3.2 Maximum Award.....	53
7.3.3 Geographic Eligibility	53
7.3.4 Priorities	53
7.3.5 Eligible Applicants	54
7.3.6 Projected Start and End Date	54
7.4 Homeownership Assistance Program	55
7.5 Housing Counseling Fund.....	55
8.0 Amendments to the Action Plan	57
9.0 Schedule of Expenditures and Outcomes	59
10.0 Community Participation and Public Comment	61
10.1 Individuals with Limited English Proficiency (LEP)	61
10.2 Persons with Disabilities	61
10.3 Public Notice, Comment Period, and Website	62
10.3.1 Contact Information.....	62
Appendix D: Methodology & Detailed Data to Identify State Defined MID Areas.....	65

This page intentionally left blank.

1.0 Summary of Action Plan Changes – Amendment 10

1.1 Overview

This CDBG-DR Action Plan modification is being classified as a Substantial Amendment due to the complexity and significance of the changes proposed. While it falls outside the criteria outlined in Section 8 of the Action Plan, the technical corrections are on previously published Substantial Amendments and consolidates two prior Nonsubstantial Amendments into a single Substantial Amendment. NCORR has determined it is appropriate to publish this modification as a Substantial Amendment.

Below is a summary of the technical corrections included in this amendment, along with ongoing efforts to advance the grant toward closeout by September 30, 2026.

1.2 SAPA 6 Technical Corrections

Originally presented in SAPA 6, NCORR reallocated funding from various programs to supplement the housing recovery needs for impacted areas. These programs included the Homeownership Assistance Program (\$3 million), the Housing Counseling Fund (\$1.5 million), and the Code Enforcement Compliance and Support Program (\$3 million).

After reconciliation of Florence grant expenditures, the following were identified as being different from what was presented in SAPA 6 and therefore, are reflected accurately in this SAPA (SAPA 10).

- Homeownership Assistance Program expenditures totaling \$455,775.18 remain in the Florence Grant and are reflected in the table below. These funds were not moved into the Homeowner Recovery Program in HUDs Disaster Recovery Grant Reporting (DRGR) system as originally noted in SAPA 6 which defunded the Homeownership Assistance Program.
- Housing Counseling Fund expenditures totaling \$750 remain in the Florence Grant and are reflected in the table below. These funds were not moved into the Homeowner Recovery Program in DRGR as originally noted in SAPA6 which defunded the Housing Counseling Fund.
- SAPA 6 noted the entire amount (\$3 million) of the Code Enforcement Compliance and Support Program was moved to the Homeowner Recovery Program however, after reconciliation, a remaining balance of \$1,511,297.38 will be moved in DRGR. This move was reflected in SAPA 6 but not fully executed in DRGR.

1.3 Combining NSAPA 8 and NSAPA 9

Under guidance from HUD, due to the close proximity at which NSAPA 8 ([Weblink for NSAPA 8](#)) and NSAPA 9 ([Weblink for NSAPA 9](#)) were issued, NCORR is combining the two NSAPAs into this SAPA 10. Below are the changes made in both NSAPAs.

Both Action Plans reduced the Affordable Housing Development Fund by a total of \$29,921,649 and, moved the funds into the Homeowner Recovery Program in two separate waves. Due to commitments made to Homeowner Recovery Program participants and, the volume of home completions increasing each month, there was a need to identify immediate cashflow and additional funding to continue the program.

NCORR began having conversations with the North Carolina Housing Finance Agency (NCHFA) regarding their ability to fund existing Affordable Housing Development Fund (AHDF) activities if the CDBG-DR Florence funding was reallocated to the Homeowner Recovery Program. NCHFA was successfully able to leverage other funds in their portfolio to cover NCORR's CDBG-DR share of 9 Low Income Housing Tax Credit (LIHTC) activities, totaling \$30,841,600. These activities were broken into two waves, NSAPA 8 and NSAPA 9 respectively. Due to the amount NCHFA was able to cover, The Affordable Housing Development Fund allocation increased by \$4,033,201. The unobligated allocation of \$4,033,201 will continue to support Affordable Housing Development Fund activities to account for additional project expenses related to activity delivery, monitoring, and relocation.

1.4 Planning Activity Reduction - DFI

NCORR partnered with the Development Finance Initiative (DFI) in the UNC School of Government Office of Sponsored Research to assist with Affordable Housing Development Fund Planning work. The goal of the partnership was to provide disaster recovery research and guidance to MID and NCORR targeted counties, consistent with the State's HUD-approved CDBG-DR Action Plan. The work entailed determining regional affordable housing needs, identifying opportunities to expand and preserve housing choices, recommending possible implementation strategies, and completing implementation strategies in conjunction with local governments and community partners. The partnership was successful and yielded 5 planning projects. As NCORR sunsets, the need for these planning studies and research also ends. The full amount of funding allocated to this initiative will not be expended and therefore \$901,795.68 will be reallocated from the Planning project to the Homeowner Recovery Program and the DFI activity will be marked complete.

1.5 Planning Activity Reduction – Bladen County

Through a Subrecipient agreement, NCORR partnered with Bladen County to produce an engineering assessment and planning report for stormwater drainage systems throughout Bladen County, NC. Specifically, the assessment focused on the Towns of Bladenboro, Clarkton, Dublin, Elizabethtown, Tar Heel, and White Lake. These towns are all located within Bladen County, NC, a HUD-approved MID county. The production of the assessment was successful, and the full amount of funding allocated to the activity will not be expended. A total of \$24,604.75 will be reallocated from the Planning project into the Homeowner Recovery Program. The Bladen County activity will be marked complete.

1.6 Allocation Changes

The table below summarizes the changes presented above.

Program	PREVIOUS NSAPA 9 Allocation	CURRENT SAPA 10 Allocation	CURRENT \$ to LMI	CURRENT \$ to HUD-defined MID
Administrative Costs	\$27,132,200	\$27,132,200	\$0	\$21,705,760.00
Planning Costs	\$4,500,000	\$3,573,559.57	\$0	\$3,829,949.99
Homeowner Recovery Program	\$456,674,384	\$457,144,259.25	\$325,689,014.44	\$365,276,546.54
Affordable Housing Development Fund	\$54,337,416	\$54,337,416	\$54,337,416.00	\$54,337,416.00
Homeownership Assistance	\$0	\$455,775.18	\$455,775.18	\$364,620.14
Housing Counseling Fund	\$0	\$750	\$750.00	\$60.00
Small Rental Recovery Program	\$0	\$0	\$0	\$0
Public Housing Restoration Fund	\$0	\$0	\$0	\$0
Construction Trades Training Program	\$0	\$0	\$0	\$0
Code Enforcement Compliance and Support Program	\$0	\$0	\$0	\$0
Total	\$542,644,000	\$542,644,000	\$380,482,955.62	\$445,514,352.67
% of Total	100%	100%	70%	82%

This page intentionally left blank.

2.0 Executive Summary

Hurricane Florence made landfall near Wrightsville Beach, North Carolina on September 14, 2018. Florence, which struck North Carolina less than two years after its last major Hurricane declaration (Hurricane Matthew), heavily disrupted Hurricane Matthew recovery. Combined, the two storms impacted over half of the counties in the State. Many recovering homeowners, local jurisdictions, and other stakeholders currently face obstacles recovering from repeated storm impacts after two historic events.

To better address the storm recovery, the North Carolina General Assembly created the North Carolina Office of Recovery and Resiliency (NCORR) through Session Law 2018-136, less than a month after Hurricane Florence made landfall. Since the creation of NCORR, the State has made tremendous strides in disaster recovery through the administration of \$236,529,000 in Community Development Block Grant – Disaster Recovery (CDBG-DR) funds provided by the U.S. Department of Housing and Urban Development (HUD) to deliver programs to those recovering from the impacts of Hurricane Matthew. With the receipt of \$542,644,000 in CDBG-DR funds to provide Hurricane Florence-specific recovery programs, NCORR seeks to continue to build on the successes of the existing programs for Hurricane Matthew recovery.

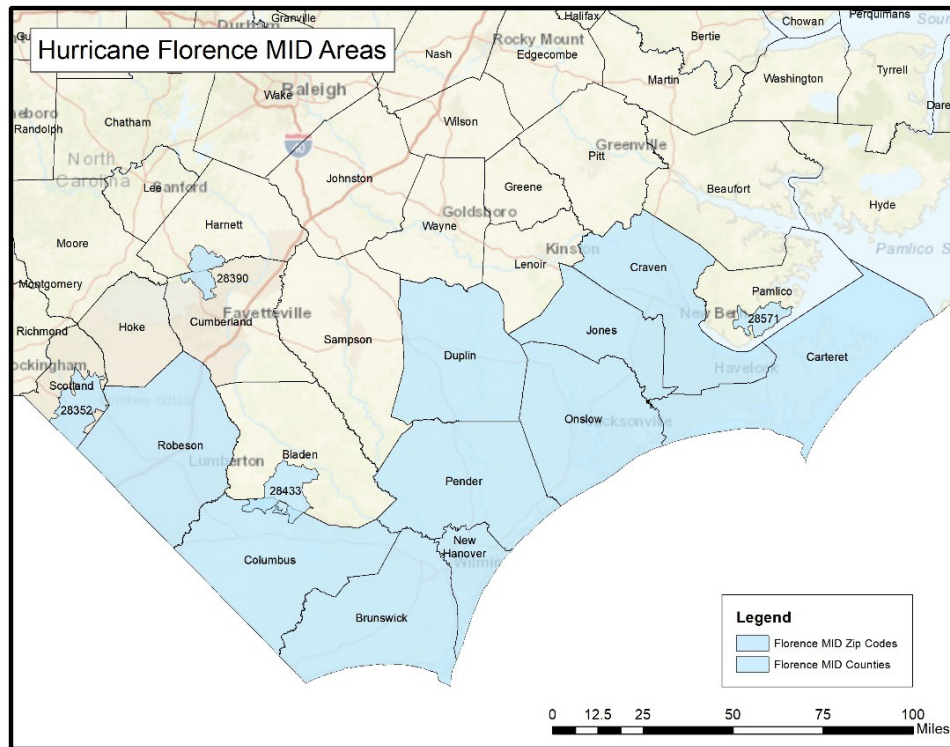
Generally, programs offered through Hurricane Florence recovery are similar in approach and consistent with those offered through the Hurricane Matthew recovery. This strategy allows NCORR to rapidly deliver recovery programming while capitalizing on lessons learned. NCORR will work to use already established processes, leverage existing systems, and quicken the pace of recovery – a major priority of NCORR given the significant time that has passed since Hurricane Florence impacted the state.

HUD specifies rules for the use of these funds in a Federal Register Notice (85 FR 4681). To use these funds correctly, NCORR must determine that projects and programs are eligible for funding under the Housing and Community Development Act of 1974 and its amendments (HCDA Part 105(a) includes a list of eligible activities) or otherwise specifically allowed in the Federal Register Notice, and that projects and programs respond to a disaster-related impact to infrastructure, housing, or economic revitalization.

In consideration of HUD requirements, NCORR will spend funds primarily on the housing recovery. NCORR must also spend 70 percent of all funds on activities that benefit LMI individuals and households. In addition, 80 percent of all funds must be spent in in HUD identified most impacted and distressed (MID) areas. HUD has reviewed the damage to North Carolina and determined that the following 10 counties and four zip codes are MID areas: Brunswick County, Carteret County, Columbus County, Craven County, Duplin County, Jones County, New Hanover County, Onslow County, Pender County, Robeson County, Zip Code 28433 (Clarkton, Bladen County), Zip Code 28352 (Laurinburg, Scotland County), Zip Code 28390 (Spring Lake, Cumberland County), and Zip Code 28571 (Oriental, Pamlico County). NCORR has reviewed these MID areas with HUD and has determined that recovery activities funded in counties with a MID zip code (Bladen, Scotland, Cumberland, and Pamlico Counties)

will also meet the MID expenditure criteria regardless of whether the specific activity takes place in the identified ZIP code.

Hurricane Florence MID areas



NCORR has also identified seven counties which received significant damage combined from Hurricane's Matthew and Florence and is considering those counties to be State-Identified MID areas.

NCORR's primary focus is housing recovery for both homeowners and renters across the Hurricane Florence impacted area. \$457 million is allocated directly to homeowners seeking to rehabilitate or reconstruct damaged homes. Other programs, such as the Affordable Housing Development Fund, address renter needs with a total of \$54 million allocated.

The remaining grant funds will be spent on planning costs, which help NCORR and other stakeholders develop plans related to disaster recovery and resilience (\$3.5 million allocated) and administrative costs, capped at 5 percent of the total grant funds (\$27 million allocated).

The development of programs is supported by an analysis of the unmet recovery need found in in previously published action plans. For the purposes of SAPA 10, program development and allocation methodologies have not changed since SAPA 7, accessible here: [Action Plans | ReBuild NC](#). Part 6.0 and Part 7.0 of the Action Plan outline how funds were allocated and delve into more detail about program specifics. Program implementation details not found in the Action Plan will be set forth in program-specific policies and procedures. Readers interested in the recovery need and how programs related to that need should focus on those parts of the Action Plan.

NCORR is dedicated to continuing the mission of delivering recovery resources to recovering individuals, cities, counties, and other stakeholders across the impacted areas of the State. At all times, NCORR's focus is on a rapid, compliant, and comprehensive recovery approach that best serves the people and places of the State of North Carolina to help them rebuild and recover safer, stronger, and smarter.

This page intentionally left blank.

3.0 Authority

Public Law 115-254, the “FAA Reauthorization Act of 2018”, was enacted on October 5, 2018 and provided for an initial appropriation of \$1.68 billion to HUD to address major disaster declarations for 2018. \$336,521,000 of these funds were allocated to the State of North Carolina in CDBG-DR funds to assist in recovery needs due to Hurricane Florence. A subsequent law, Public Law 116-20, the “Additional Supplemental Appropriations for Disaster Relief Act, 2019” was enacted on June 6, 2019. In this appropriation, HUD was allocated \$2.431 billion to continue to assist states and communities affected by 2018 and 2019 disasters. HUD allocated another \$206,123,000 from this allocation in CDBG-DR funds to the State of North Carolina.

Federal Register Notice 85 FR 4681 includes allocations, common application, waivers, and alternative requirements for CDBG-DR grantees. HUD issued separate guidance for CDBG – Mitigation (CDBG-MIT) funds which were addressed in a separate Action Plan. Details on the use of those funds, and how they may intersect with the use of CDBG-DR funds, may be found in that Action Plan. The CDBG-MIT Action Plan is available for review at <https://rebuild.nc.gov/mitigation>.

Prior to Public Law 115-254 and Public Law 116-20, North Carolina Session Law 2018-136 established NCORR as the administering agency for CDBG-DR funds specific to Hurricane Matthew recovery. NCORR is an office within the NC Department of Public Safety. NCORR will continue its role in administering CDBG-DR and CDBG-MIT funds.

To fulfill the requirements of this allocation, NCORR must submit an Action Plan for CDBG-DR activities that identifies unmet recovery needs to HUD and promotes programs to address those recovery needs. These activities primarily address *housing* recovery needs, but other activities are considered if they increase the State’s ability to continue to meet its housing recovery obligations. This Action Plan provides a summary of the actions, activities, and resources used to address the State’s priority recovery needs and goals. It is designed to help the State, local units of government, and other recovery partners assess current and future needs, and will be updated as new information or changing conditions warrant a change in recovery approach.

This page intentionally left blank.

4.0 Recovery Needs Assessment

The State of North Carolina consulted multiple resources to better understand the unmet recovery needs relative to housing, infrastructure, and economic revitalization following the catastrophic impacts of Hurricane Florence. The full needs assessment can be found in previously published action plans. For the purposes of SAPA 10, the recovery needs assessment have not changed since SAPA 7, accessible here: [Action Plans | ReBuild NC](#)

The unmet recovery needs analysis considers the impacts of DR – 4393, the presidentially-declared disaster designation for Hurricane Florence. Where feasible, recovery programs are taken in context with the ongoing recovery needs relative to the impacts of Hurricane Matthew to find efficiencies in planning, program design, and eventual program implementation.

The foundation of the analysis of the unmet recovery need concerning housing is the State of North Carolina Housing Impact Assessment, completed by the Federal Housing Recovery Support Team (RSF) in coordination with HUD on March 12, 2019. The results of the Housing Impact Assessment were compared to the requirements set forth in 85 FR 4681 and previous Federal Register Notices. Where necessary, the Housing Impact Assessment assumptions were built upon or modified to better meet HUD guidance on the unmet housing recovery need methodology set therein.

Other data sources were necessary to complete the analysis of unmet infrastructure recovery needs and the analysis of economic impacts from the storm. The analysis is based on data provided by state and federal agencies, impacted areas, local nonprofits and other stakeholders, the U.S. Census Bureau, the U.S. Small Business Administration (SBA), The Federal Emergency Management Agency (FEMA), and other sources. The North Carolina State Office of Budget and Management (NCOSBM) drafted multiple reports in October 2018 that cataloged initial impacts and provided an estimate of the unmet recovery needs at that time. This groundwork was necessary to develop the current unmet recovery needs analysis.

The analysis includes details specific to the HUD-identified most impacted and distressed (MID) areas as well as other impacted areas. The analysis provides details on the assistance received to date, catalogs any pre-existing challenges these impacted communities face, and provides the foundation for delivering recovery programming that seeks to cure the effects of the disaster while also preparing North Carolina for future disaster events.

NCORR is charged with administering CDBG-DR funds as Grantee to HUD. Therefore, NCORR has sought to develop an unmet needs analysis which is true to the conditions in the State using the best available data and resources to help inform the disaster recovery. NCORR understands that future information may become available that would adjust the findings of the unmet needs analysis. Changes to the Action Plan may result if additional funds become available or if new information is discovered during program planning, development, and delivery that informs a more beneficial recovery.

Hurricane Florence

On September 14, 2018 Hurricane Florence made landfall near Wrightsville Beach in New Hanover County, North Carolina. In the days prior to landfall, Florence had exhibited wind speeds typical of a Category 4 Hurricane but was downgraded to Category 1 before eventual landfall.

Despite the downgrade in intensity, Florence inundated parts of North Carolina and was the wettest tropical cyclone in the history of the Carolinas with rainfall totals greater than 25 - 35 inches in parts of the State. The rainfall intensity, combined with the slow-moving southwest track of the system and large wind field contributed to historic flooding across Southeastern and Central North Carolina. The rainfall fed the Cape Fear, Lumberton, and Waccamaw Rivers and lead to intense riverine flooding, damaging infrastructure, homes, and businesses in the surrounding area. More than nine river gauges registered flood conditions greater than a 500-year event. The majority of damage caused by Hurricane Florence is due to this extended rainfall as the storm trekked southwest slowly through coastal North Carolina for six days.

This page intentionally left blank

5.0 General Requirements

According to federal regulations mandated under the National Flood Insurance Reform Act (NFIRA) of 1994, buildings and property which utilized financial assistance from the Federal Government following a Presidentially Declared disaster may have been required to have and maintain flood insurance coverage. In the event that flood insurance lapsed or was no longer in effect at the time of Hurricane Florence's impact, the owner of the building and/or property may not be eligible for additional federal assistance for rehabilitation or reconstruction.

5.1 Elevation Requirements

NCORR will establish reasonableness requirements when comparing elevation to other mitigation measures, such as buyout (in NCORR developed and community approved areas) or demolition and reconstruction of the structure. Based on a review of the costs of elevation and rehabilitation compared to reconstruction, NCORR favors reconstruction rather than rehabilitation and reconstruction given the significant cost of providing elevation along with rehabilitation, as seen with Hurricane Matthew CDBG-DR rehabilitation and elevation implementation. The method for determining cost reasonableness for elevation assistance is outlined in the ReBuild NC Homeowner Recovery Manual. The elevation assistance maximum for rehabilitation awards is a dollar-per-square foot (\$/SF) cap and constrained to the actual cost of elevation. The cap is based on actual elevation cost data developed through implementation of the CDBG-DR programs for Hurricane Matthew recovery and is found in the NCORR Construction Standard Operating Procedure (SOP). Elevation assistance costs are in addition to the program cap for rehabilitation, reconstruction, and Mobile/Modular Home Unit (MHU) replacement activities. Accessibility features such as ramps and lifts are required for those with disabilities. Accessibility requirements are further set for multifamily projects at Section 5.4.

NCORR requires that new construction, reconstruction, or substantially damaged residential structures are elevated two feet or more above the base flood elevation (BFE) or high water mark if outside the floodplain. Local requirements for elevations more than two feet above BFE prevail, where required. For MHUs, if the Program elevation standard makes it infeasible to elevate, the HUD requirement prevails. For new construction or reconstruction using CDBG-DR funds, NCORR will remain consistent with this requirement and depending on the facts and circumstances of the construction project, may require additional freeboard or other mitigation technique to ensure that new construction is sufficiently protected from future flood risk.

Nonresidential structures must be elevated or floodproofed to two feet above the BFE. Critical Actions, as defined at 24 CFR Part 55.2(b)(3), within the 500-year floodplain must be elevated or floodproofed to the higher of the 500-year floodplain elevation or three feet above the 100-year floodplain elevation. If the 500-year floodplain or elevation is unavailable, and the Critical Action is in the 100-year floodplain, then the structure must be elevated or floodproofed at least three feet above the 100-year floodplain elevation. Public nonresidential structures must

incorporate access features such as ramps, lifts, and/or elevator access for those with disabilities in accordance with the ADA and the Architectural Barriers Act of 1968.

Critical Actions are defined as an “activity for which even a slight chance of flooding would be too great, because such flooding might result in loss of life, injury to persons or damage to property.” For example, Critical Actions include hospitals, nursing homes, police stations, fire stations and principal utility lines.

5.2 Flood Insurance Requirements

New requirements from HUD prohibit NCORR from providing CDBG-DR assistance for the rehabilitation or reconstruction of a house if (a) the combined household income is greater than 120 percent area median income (AMI) or the national median, (b) the property was located in a floodplain at the time of the disaster, and (c) the property owner did not maintain flood insurance on the damaged property, even when the property owner was not required to obtain and maintain such insurance.

When a homeowner located in the floodplain allows their flood insurance policy to lapse, it is assumed that the homeowner is unable to afford insurance and/or is accepting responsibility for future flood damage to the home. HUD established this alternative requirement to ensure that adequate recovery resources are available to assist lower income homeowners who reside in a floodplain but who are unlikely to be able to afford flood insurance. Higher income homeowners who reside in a floodplain, but who failed to secure or decided to not maintain their flood insurance, should not be assisted at the expense of those lower income households. Therefore, NCORR may only provide assistance for the rehabilitation or reconstruction of a house located in a floodplain if: (a) the homeowner had flood insurance at the time of the Hurricane Florence and still has unmet recovery needs; or (b) the household earns less than the greater of 120 percent AMI or the national median and has unmet recovery needs.

With respect to flood insurance, CDBG-DR funded homeowners of a property located in a Special Flood Hazard Area (SFHA) must obtain and maintain flood insurance in the amount and for the duration prescribed in 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 CDBG-DR (a HUD-assisted property) within a SFHA, when CDBG-DR is used to finance acquisition or construction, including rehabilitation. NCORR will encourage the purchase of flood insurance outside of SFHA’s, to the greatest extent possible. NCORR will also provide educational literature to citizens and Buyout participants about the benefits of flood insurance and the risks of flooding during local meetings and at application. These materials will highlight the facts about flooding risks, including the risk that can occur outside of Special Flood Hazard Areas.

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 CDBG-DR assistance may not be provided for the repair, replacement, or restoration of a property to a person who has failed to meet this requirement.

Section 582 also imposes a responsibility on NCORR and its subrecipients to inform property owners receiving 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 in writing and to maintain such written notification in the documents evidencing the transfer of the property, and that the transferring owner may be liable if he or she fails to do so.

NCORR will detail a process for checking flood insurance compliance for CDBG-DR grant fund recipients in its policies and procedures to ensure compliance with this requirement. To the greatest extent possible, NCORR will provide educational materials and inform applicants (especially low-income and minority property owners) about the benefits of maintaining flood insurance, even when not required to maintain flood insurance as a condition of participating in a CDBG-DR funded recovery program.

5.3 Duplication of Benefits (DOB)

Applicants to recovery programs will be required to provide information regarding all assistance received for the recovery purposes as required by the HUD’s Certification of Duplication of Benefits Requirements under the Stafford Act for Community Development Block Grant (CDBG) Disaster Recovery Grantees (76 FR 71060, November 16, 2011). Any funds found to be duplicative will be deducted from the CDBG-DR award prior to the disbursement of the award amount. A review of potential DOB is necessary for all CDBG-DR funded activities.

On June 20, 2019, HUD published two Federal Register (FR) notices on the calculation of Duplication of Benefits (DOB): 84 FR 28836 (here after referred to as the *DOB Notice*) and 84 FR 28848 (here after referred to as the *DOB Implementation Notice*). After reviewing the notices, NCORR has updated its DOB policy to comply with the new guidance.

In review of the guidance on multiple storm impacts and DOB provided at 84 FR 28844 and clarifying guidance received from HUD, NCORR has developed a DOB policy that applies funds received to recover from the qualifying event (i.e. the event that the application for assistance is tied back to) rather than all assistance received for each disaster that impacted the recovering applicant. NCORR reviews assistance received for applicants in multiple disaster scenarios, such as those impacted by Hurricanes Matthew and Florence, and assesses which assistance is duplicative. Assistance received to recover from a disaster declaration other than

the qualifying event is not considered duplicative. The application of assistance from multiple storms as a duplication of benefit is only applicable when an applicant is continuing to recover from multiple storms. NCORR establishes whether an applicant is recovering from Hurricane Florence and not recovering from Hurricane Matthew when storm tie-back is determined.

5.3.1 NCORR Subsidized Loans

In some instances, when a homeowner continued to face challenges reconciling other funds received to recover before receipt of CDBG-DR funds to recover, NCORR offered a subsidized loan option for the DOB amount due from the applicant. These subsidized loans (sometimes referred to as promissory notes) were forgivable based on the terms included in the note and are no longer being offered.

5.3.2 Other Subsidized Loans

For the purpose of this Action Plan, subsidized loans (including forgivable loans) are loans other than private loans. Both SBA and FEMA provide subsidized loans for disaster recovery. Subsidized loans may also be available from other sources. Subsidized loans are assistance that must be included in the DOB analysis, unless an exception applies.

The following policies regarding subsidized loans apply to housing recovery programs, including Reconstruction, Rehabilitation, MHU Replacement, and in some instances other housing benefit. The *DOB Notice* provided guidance on the treatment of subsidized loans in Duplication of Benefits analysis as follows: “The full amount of a subsidized loan available to the applicant for the same purpose as CDBG-DR assistance is assistance that must be included in the DOB calculation unless one of the exceptions [in the *DOB Notice*] applies including the exceptions in V.B.2 (i), V.B.2 (ii), and V.B.2 (iii), which were authorized in the DRRRA amendments to section 312 of the Stafford Act (which applies to disasters occurring between January 1, 2016 and December 31, 2021, until the amendment sunsets October 5, 2023). A subsidized loan is available when it is accepted, meaning that the borrower has signed a note or other loan document that allows the lender to advance loan proceeds.”

Declined loans are loan amounts that were offered by a lender in response to a loan application, but were turned down by the applicant, meaning the applicant never signed loan documents to receive the loan proceeds. NCORR will not treat declined loans as DOB. NCORR will request documentation for the declined loan only if the subsidized loan is not otherwise exempt for DOB considerations or the information received from the third party (SBA, FEMA, etc.) indicates that the applicant received an offer for the not exempted subsidized loan and NCORR is unable to determine from that available information that the applicant declined the loan. In such cases, the applicant must provide written certification that they did not receive the loan. The applicant will complete the Affidavit of Declined or Canceled Subsidized Loan form. NCORR will submit the Affidavit of Declined or Canceled Subsidized Loan to SBA (or other lender) and will re-verify DOB at project close-out.

Cancelled loans are loans (or portions of loans) that were initially accepted, but for a variety of

reasons, all or a portion of the loan amount was not disbursed and is no longer available to the applicant. The cancelled loan amount is the amount that is no longer available. The loan cancellation may be due to the agreement of both parties to cancel the undisbursed portion of the loan, default of the borrower, or expiration of the term for which the loan was available for disbursement. The following documentation will be required to demonstrate that any undisbursed portion of an accepted not exempted subsidized loan is cancelled and no longer available to the applicant:

1. A written communication from the lender confirming that the loan has been cancelled and undisbursed amounts are no longer available to the applicant, OR;
2. A legally binding agreement between NCORR and the applicant indicating that the period of availability of the loan has passed and the applicant agrees not to take actions to reinstate the loan or draw any amounts in the future.

Without either of the two documents listed above, any approved but undisbursed portion of an otherwise not exempted for DOB considerations subsidized loan must be included in the DOB calculation of the total assistance unless another exception applies.

For not exempted canceled loans, NCORR will send the Affidavit of Declined or Canceled Subsidized Loan to the lender as notification that the applicant has agreed to not take any actions to reinstate the cancelled loan or draw down any additional undisbursed loan amounts.

In cases of cancelled loans not otherwise exempted for DOB considerations where partial disbursements were made prior to cancellation of the loan, the disbursed funds will be treated as funds disbursed for active loans below. As with not exempted declined loans, awards with not exempted canceled subsidized loans will have DOB re-verified at project close-out.

A subsidized loan is not a prohibited duplication of benefits under section 312(b)(4)(C) of the *Stafford Act*, as amended by section 1210 of the DRRA, provided that all Federal assistance is used towards a loss suffered as a result of a major disaster or emergency declared between January 1, 2016, and December 31, 2021 (DRRA Qualifying Disasters). As part of the DOB analysis, NCORR will exclude disbursed loan amounts as non-duplicative. The exception for DRRA Qualifying disasters no longer applies after October 5, 2023. NCORR will evaluate not exempted loans remaining open for non-duplicative activities. In cases where the undisbursed loan amount is for potentially duplicative activities, NCORR will notify the lender and will obtain a written agreement from the applicant that the applicant will not make additional draws from the subsidized loan without NCORR's approval. Applicable program funding caps remain in effect for any award amount changes performed under this guidance.

If duplicative assistance was received, NCORR exercises the subrogation agreement in place with applicants for assistance to recapture duplicate assistance, if necessary. Specific policy on DOB review is found in each program manual as well as the *NCORR DOB Uniform Procedures*.

5.4 Construction and Green Building Standards

NCORR acknowledges the emphasis in the Notice to institute green building design, specifically when executing new construction or replacement of substantially damaged residential buildings and will follow the guidance located in 84 FR 4844 concerning green building design.

Rather than be limited by a single green building design technique, NCORR will require that new construction meet the best fit for new construction from many possible approaches. For all new or replaced residential buildings, the project scope will incorporate Green Building materials to the extent feasible according to specific project scope. Materials must meet established industry-recognized standard that have achieved certification under at least one of the following programs:

- ENERGY STAR (Certified Homes or Multifamily High-Rise).
- Enterprise Green Communities.
- LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development).
- ICC-700 National Green Building Standard,
- EPA Indoor AirPlus (ENERGY STAR a prerequisite).
- Any other equivalent comprehensive green building program.

For each project subject to the above, the specific green building technique or approach used will be recorded. NCORR will implement and monitor construction results to ensure the safety of residents and the quality of homes assisted through the program. All new housing created in whole or in part with CDGB-DR funds will comply with current HUD Decent, Safe, and Sanitary (DSS) standards. Rehabilitation of non-substantially damaged structures must comply with the HUD CPD Green Building Retrofit Checklist, to the extent that the items on the checklist are applicable to the rehabilitation. NCORR will consult [FEMA P-798, Natural Hazards and Sustainability for Residential Buildings](#), to align green building practices with the increased sustainability and resiliency.

Contractor compliance will be maintained through the review and approval of monthly project performance reports, financial status reports, and documented requests for reimbursement throughout the contract period. The State will utilize the HUD-provided contract reporting template (for PL 113-2) for upload to the Disaster Recovery Grant Reporting (DRGR) on a quarterly basis: <https://www.hudexchange.info/resource/3898/public-law-113-2-contract-reporting-template/>.

New housing developed with CDBG-DR funds will comply with accessibility standards set at 24 CFR Part 40. NCORR will utilize the [UFAS Accessibility Checklist](#) as a minimum standard for structures with five or more units to assist in the compliance of Section 504 of the Rehabilitation Act. The checklist will be used when reviewing the design of all newly constructed residential structures (other than privately owned residential structures). The Fair Housing Act (including the seven basic design and construction requirements set in the Fair Housing Act)²⁰ also applies to buildings with four or more units. Titles II and III of the Americans with Disabilities Act also applies to public housing.

5.4.1 Construction Performance

Construction contractors performing work funded with CDBG-DR funds shall be required to be a licensed contractor with the State of North Carolina and to possess all applicable licenses and permits from applicable jurisdictions where work will be performed, prior to incurring any costs to be CDBG-DR reimbursed. Permits will be the required registration and documentation of county, city, and/or town code to be secured prior to any construction work commences. It will be the obligation of the contractor to secure all such permits, provide copies to NCORR or the subrecipient administering the contract prior to commencing work.

This requirement will be included as a standard provision in any applicable subrecipient agreement and will need to be enforced by the subrecipient involving housing or infrastructure recovery programs and or projects. All CDBG-DR-funded contracts involving construction contractors shall be required to have in the contract work a one-year warranty on all work performed. The contractor is required to provide notice six months and one month prior to the end of the one-year warranty to the owner with a copy of each notice to the state agency and/or subrecipient administering the applicable activity.

5.4.2 Broadband

Any substantial rehabilitation, as defined by 24 CFR Part 5.100, or new construction of a building with more than four rental units must include installation of broadband infrastructure, except where it is documented that:

1. The location of the new construction or substantial rehabilitation makes installation of broadband infrastructure infeasible, or
2. The cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program or activity or in an undue financial burden, or
3. The structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible.

5.4.3 Cost Verification

At all times, construction costs must remain reasonable and consistent with market costs at the time and place of construction. NCORR uses an internal team of experts to determine that construction costs are reasonable and necessary and uses this data to conduct an evaluation of the cost or price of a product or service. The primary mechanism for these cost controls is the use of Xactimate, an industry standard construction cost estimating tool used by NCORR and its vendors to determine that construction costs are reasonable.

Some projects, such as infrastructure projects or larger multi-family projects, do not have clearly defined items in the Xactimate software. For these projects, NCORR will perform independent cost estimates prior to project start and evaluate the cost using a cost or price analysis when bids or proposed construction costs are received. NCORR will use qualified third parties to determine that costs are necessary and reasonable for the completion of the intended project. The requirement that costs remain reasonable extends to potential change orders. Ensuring that construction costs are reasonable is a part of the *NCORR Procurement Manual*. Note that per 2 CFR § 200.317, Subrecipients utilizing Program funds must follow all procurement guidelines contained in 2 CFR §§ 200.318-327.

Additionally, costs are controlled on housing projects with eight or more units through a competitive selection process and project selection criteria that favors lower costs-per-unit as a significant contributor in the selection of projects. Further cost controls and selection criteria for residential projects will be included in the selection criteria provided to potential applicants for those funds as defined in the Affordable Housing Development Fund in Section 7.4.

Any NCORR selected subrecipient must establish a similar process to those outlined above to ensure proper cost controls. These controls will be reviewed during a capacity and risk assessment prior to subrecipient selection.

NCORR will review projects and test for compliance with financial standards and procedures including procurement practices and adherence to cost reasonableness for all operating costs and grant-funded activities. All program expenditures will be evaluated to ensure they are:

- Necessary and reasonable.
- Allocable according to the CDBG contract.
- Authorized or not prohibited under state/local laws and regulations.
- Conform to limitations or exclusions (laws, terms, conditions of award, etc.).
- Consistent with policies, regulations and procedures.
- Adequately documented.

- Compliant with all Cross Cutting Federal Requirement including Uniform Administrative Requirements at 2 CFR 200. Per 2 CFR § 200.317, Subrecipients utilizing Program funds must follow all procurement guidelines contained in 2 CFR §§ 200.318-327.

In compliance with 83 FR 5850, NCORR has evaluated alternative strategies to elevation, such as reconstruction or buyout. An analysis of current applicants for CDBG-DR assistance located in floodplains indicates that when considering the cost of rehabilitation, green building retrofit design, lead based paint and asbestos containing material abatement and removal, and other costs to properly rehabilitate as well as safely elevate, reconstruction is typically the more cost-effective approach. Therefore, NCORR is de-emphasizing the rehabilitation and elevation approach in favor of reconstruction. In such instances where an alternative recovery strategy is determined to be more cost reasonable and/or feasible, NCORR will document the decision-making process and ensure that the recovering homeowner is permitted to choose between similarly effective options, in consideration of cost and feasibility.

Proposed construction projects will be evaluated to determine adequate compliance with modern and resilient building codes and mitigation of hazard risk, including sea level rise, high winds, storm surge, and flooding.

Contractor compliance will be maintained through the review and approval of monthly project performance reports, financial status reports, and documented requests for reimbursement throughout the contract period.

NCORR will also require Section 3 plans from both subrecipients and contractors, when applicable, and monitor for compliance with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135.

The State will utilize the HUD-provided contract reporting template (for PL 113-2) for upload to the Disaster Recovery Grant Reporting (DRGR) on a quarterly basis:
<https://www.hudexchange.info/resource/3898/public-law-113-2-contract-reporting-template/>.

5.4.4 Timely Expenditure of Funds

NCORR has adopted procedures to ensure the timely expenditure of funds, track expenditures in each month, monitor expenditures of recipients, reprogram funds in a timely manner, and project expenditures over time.

Subrecipients must be able to report expenditures for each approved activity. A record of the account balances is maintained for each approved activity that accounts for expenses accrued as well as obligations that have been incurred but not yet been paid out. As part of those controls, the system of record (Salesforce) includes the submission of Requests for Payment to track expenditures against pre-established activity budgets as well as for retention of records related to expenditures. Monthly expenditures are recorded in Salesforce as well as through the reporting mechanisms established by the Reporting and Business Systems team. The

Reporting and Business Systems team also ensures that actual and projected expenditures of funds are reported in the Disaster Recover Grant Reporting system (DRGR) quarterly performance report (QPR). The use of these systems will ensure that contracts and bills are paid timely.

To further monitor and ensure timeliness of expenditures, subrecipients will be required to attend training to assist in defining clear roles and responsibilities and the expectations for timely performance under all Subrecipient Agreements (SRA).

NCORR establishes strict timelines and milestones within each of the SRA agreements entered into with subrecipients, contractors, consultants and recipients of funds. These requirements and milestones will be specifically outlined in each agreement and will be designed to be specific to categories of funding. All grantees are required to expend all funds within a certain timeframe as outlined in the Public Law and Federal Register Notices that govern the obligation of funds.

At times, it may be necessary for NCORR to reprogram grant funds. Funds may need to be reprogrammed for many reasons, including but not limited to:

- The Activity did not expend all funds awarded.
 - The grant time period expired.
 - Projects or programs were completed under budget and funds were remaining.
- A grant agreement expired, with no amendment necessary.
- A projected award is unable to be contracted.
- A project is determined to be ineligible.
- Slow or untimely project start date.
- An additional mitigation need is identified.

NCORR will review the use of funds quarterly as a part of the quarterly expenditure reports and may use those reports as a foundation to approach reallocation. Alternatively, changes in program design which necessitate a substantial Action Plan amendment may present an opportunity for NCORR to expediently reprogram funds. Through the grant cycle, subrecipients and contractors may request additional funds. These requests for funds will be evaluated as they are received. If the facts and circumstances of the request warrant additional funds, and additional funds are available, NCORR may reprogram funds at that time. Any funds reprogrammed which exceed the threshold criteria for a substantial Action Plan amendment will be formalized through the substantial Action Plan amendment process.

NCORR has adopted a Program Income Policy and adheres to this policy in the generation of any program income from NCORR administered or subrecipient administered programs. Subrecipients that generate more than \$35,000 in program income must report such income to

NCORR. Subrecipients will generally be permitted to use program income to reimburse operation, repair, and maintenance expenses of a CDBG-DR funded project, must otherwise follow the rules and requirements for CDBG-DR funds, and must seek permission from NCORR before expending program income. Subrecipient agreements contain provisions for the treatment of program income, if applicable, and require notification and approval from NCORR prior to the generation of program income.

HUD established new requirements for the procurement of contracts which provide discrete services or deliverables, including:

- Requiring an establishment of the period of performance or date of completion in all contracts.
- Requiring performance requirements and liquidated damages into each procured contract.
 - Contracts that describe work performed by general management consulting services need not adhere to this requirement.
- Prohibiting the delegation or contract to any other party any inherently governmental responsibilities related to management of the grant, such as oversight, policy development, monitoring, internal auditing, and financial management.

NCORR agrees to align future procurements for Hurricane Florence recovery with these requirements. NCORR will follow all guidelines contained within the North Carolina Procurement Manual. Per 2 CFR § 200.317, Subrecipients utilizing Program funds must follow all procurement guidelines contained in 2 CFR §§ 200.318-327.

5.4.5 Operation and Maintenance Plans

To sustain CDBG-DR funded investments, NCORR requires that certain infrastructure projects include a projection of revenue for the operation and maintenance costs in the outyears. CDBG-DR funds may not be applied to the operation and maintenance of those facilities, and instead NCORR will require these projects to include a plan for operation and maintenance prior to funding. Operation and maintenance costs may be funded through reserve funds, borrowing authority, new tax or service fee, or retargeting of existing resources, amongst other approaches. NCORR will evaluate operations and maintenance plans to ensure that plans appear reasonable and feasible to fund the long-term use of the facility, with the understanding that some operations and maintenance plans must be more robust than others.

5.5 Long Term Planning and Risk Considerations

With the allocation of multiple grants from two major disasters, NCORR has significant planning funds available to pursue various sound, sustainable long-term recovery planning efforts. Principally planning may focus on construction standards and land-use decisions that reflect responsible floodplain and wetland management and consider continued sea level rise and coordinate with local and regional planning efforts.

On October 29, 2018, Governor Roy Cooper signed Executive Order No. 80, “North Carolina’s Commitment to Address Climate Change and Transition to a Clean Energy Economy.” E.O. 80 requires the following actions specific to NCORR activities:²¹

- **E.O. 80, Part two.** Requires that cabinet agencies shall evaluate the impacts of climate change on their programs and operations and integrate climate change mitigation and adaptation practices into their programs and operations.
- **E.O. 80, Part nine.** Requires that cabinet agencies shall integrate climate adaptation and resiliency planning into their policies, programs, and operations:
 - To support communities and sectors of the economy that are vulnerable to the effects of climate change; and
 - To enhance the agencies’ ability to protect human life and health, property, natural and built infrastructure, cultural resources, and other public and private assets of value to North Carolinians.

As NCDPS is a cabinet agency and NCORR is an office operating within NCDPS, the requirements of E.O. 80 apply to NCORR activities. To comply with E.O. 80, the unmet needs analysis must evaluate changes in need based on the requirement to anticipate and respond to climate change in disaster impacted areas. This analysis will inform the Action Plan so that proposed programs contained therein are responsive to this executive order.

Aside from the vertical flood elevation height requirements discussed in Part 5.1 above, NCORR commits to ensuring responsible floodplain and wetland management based on the history of flood mitigation efforts and the frequency and intensity of precipitation events.

5.5.1 High Wind

In addition to this vertical height requirement, NCORR will take into consideration high wind considerations for new or rehabilitated buildings. There are many informational resources available to safeguard against high wind conditions, including *FEMA 543: Risk Management Series Design Guide for Improving Critical Facility Safety from Flooding and High Winds*. FEMA 543 recommends incorporating hazard mitigation measures into all stages and at all levels of critical facility planning and design, for both new construction and the reconstruction and rehabilitation of existing facilities.²² While the guidelines in FEMA 543 are applicable to critical facilities, they may also be applied to new construction of other buildings and infrastructure. In all instances, NCORR will defer to engineering and design experts to ensure that high wind hazards are addressed.

²¹ Executive Order No. 80. *North Carolina’s Commitment to Address Climate Change and Transition to a Clean Energy Economy*. <https://governor.nc.gov/documents/executive-order-no-80-north-carolinas-commitment-address-climate-change-and-transition>.

²² Federal Emergency Management Agency. *Risk Management Series Design Guide for Improving Critical Facility Safety from Flooding and High Winds*.

NCORR shall also consider resources and lessons learned from other states in the implementation of their recovery programs. The State of Florida has adopted the Hurricane Michael FEMA Recovery Advisory (RA) 2 Best Practices for Minimizing Wind and Water Infiltration Damage²³ as a guiding principle in its recovery programs. This advisory describes specific issues observed in newer residential buildings after Hurricane Michael. The buildings observed were built after the adoption of the first edition of the Florida Building Code (FBC) (March 2002). The advisory provides key points for consideration during rebuilding and mitigation activities. The references cited in the advisory contain additional best practices and guidance for issues commonly observed after storm events. NCORR shall apply the guidance in this document where feasible in the development of new construction funded with CDBG-DR funds.

5.5.2 Sea Level Rise

In addressing flood mitigation, it is essential to the long-term planning process to also consider the effects of sea level rise on the coastal communities of the State. According to National Oceanic and Atmospheric Administration (NOAA) data, the sea level off of the coast of North Carolina has risen 11 inches higher than its 1950 level.²⁴ Sea level rise is of increasing concern to vulnerable coastal areas of the State because sea level rise has been accelerating over the past 10 years and is now rising an average of one inch every two years. These measurements are conducted with sound methodology and have become increasingly accurate, leading to the conclusion that sea level rise is a significant threat to coastal areas of the State.²⁵

NCORR commits to using the best available data to determine whether structures would be at risk of sea level rise and avoid construction or rehabilitation of structures which may be subject to increased risk due to sea level rise and coastal erosion.

5.5.3 Stakeholder Engagement

NCORR is committed to developing and implementing recovery programs which best suit the needs of recovering individuals, households, local jurisdictions, and other public or private stakeholders. While NCORR generally administers programs at the state-level, frequent and transparent communication with stakeholders is a key component of program design and a necessity for a successful recovery program. The feedback received from local, regional, and state-level stakeholders will be critical to program design and planning. Feedback is incorporated from the public comment period, occasional meetings with local jurisdictions by phone or face-to-face, and can be provided by email at info@rebuild.nc.gov.

²³ Federal Emergency Management Agency. Risk Management Series Design Guide for Improving Critical Facility Safety from Flooding and High Winds. ²⁴ National Oceanic and Atmospheric Administration. *Tides and Currents Data, Wilmington, NC*.

²⁵ National Oceanic and Atmospheric Administration. *FAQ – Tide Predictions and Data*.

5.6 Assessment of Public Services Required

The primary focus of CDBG-DR funds is to address the unmet housing recovery need. However, CDBG-DR funds may be used to fund public services which complement the housing need. Public services include activities which provide a benefit to employment, crime prevention, child care, health, drug abuse, education, fair housing counseling, energy conservation, certain welfare activities, or recreational needs. The Housing and Community Development Act of 1974, as amended (HCDA) permits the use of CDBG funds for the purpose of public services under HCDA 105(a)(8). In accordance with HCDA 105(a)(8), no more than 15 percent of the allocation will be directed to the provision of public service.

After an assessment of the unmet recovery needs related to housing, it is evident that some public services would provide a benefit to the housing recovery. The greatest complementary need are public services to increase construction capacity. NCORR will address this capacity issue by funding education programs intended to increase the stock of construction labor.

In an annual survey of construction firms conducted in August 2019, 33 firms that listed North Carolina as their principal state of operations said they plan to hire for replacement or expansion - 97 percent want craft personnel and 77 percent seek salaried workers. At the same time, 91 percent of the North Carolina contractors said they are having a difficult time filling craft positions and 73 percent said the same about salaried jobs. Construction employment in the state has fallen in 2019, attributed to retirement of qualified workers and a lack of new qualified individuals entering the job market²⁶. Disaster recovery does not happen in a vacuum, and as the State's population grows and as demand for new housing increases, disaster recovery programs will be challenged by the market demand for new housing in growing areas. To the extent possible, these programs will include accommodations for individuals with wide-ranging disabilities, including mobility, sensory, developmental, emotional, and other impairments.

5.7 Minimizing Displacement and Ensuring Accessibility

NCORR is continuing to make every effort to minimize temporary and permanent displacement of persons due to the delivery of the HUD's CDBG-DR and CDBG-MIT programs it administers. NCORR has agreed to follow the plan described in the NCORR Residential Anti-Displacement and Relocation Assistance Plan. NCORR has and will continue to minimize adverse impacts on persons of low-and- moderate income resulting from acquisition, rehabilitation, and/or demolition activities assisted with funds provided under Title 1 of the Housing and Community Development (HCD) of 1974, as amended, as described in 24CFR 570.606 (b-g).

²⁶ GroundBreak Carolinas, LLC. *North Carolina Construction Outlook*. <https://groundbreakcarolinas.com/north-carolina-construction-outlook/>

Further, NCORR, continues to provide comprehensive training to its subgrantees and subrecipients to adopt the State's Residential Anti-Displacement and Relocation Assistance plan or develop and adopt their own plan regarding any activity assisted with funding from the CDBG-MIT grant. NCORR will provide guidance and approval to its sub-recipients that develop their own plan. Subrecipients that develop their own plans, must subsequently adhere to and comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. 4601 et seq.) ["URA"], for any household, regardless of income which is involuntarily and permanently displaced.

The Uniform Relocation Assistance and Real Property Acquisition Act (URA), is a federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms. The URA's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for federal or federally funded projects.

- 49 CFR Part 24 is the government-wide regulation that implements the URA.
- HUD Handbook 1378 provides HUD policy and guidance on implementing the URA and 49 CFR Part 24 for HUD funded programs and projects.

As part of condition of compliance with programs subject to URA, NCORR will:

- Provide uniform, fair and equitable treatment of person whose real property is acquired or who are displaced in connection with federally funded projects as well.
- To ensure relocation assistance is provided to displaced persons to lessen the emotional and financial impact of displacement
- To ensure that no individual or family is displaced unless decent, safe and sanitary (DSS) housing is available with the displaced person's financial means
- To help improve the housing conditions of displaced persons living in substandard housing
- To encourage and expedite acquisition by agreement and without coercion.

In practice, when a tenant is displaced by a CDBG-DR activity, relocation case managers are assigned to both owners and tenants work with applicants to coordinate activities and communicate updates in real time concerning when to expect to move out of their residences, assist the displaced individuals with securing temporary housing arrangements, and all other aspects of moving belongings. One of the case manager's primary goals is to minimize the time that the tenant/owner will be impacted by coordinating the construction calendar in real time and during construction, keeping the displaced individual updated on the construction progress and communicating an expected timeline for construction completion and eventual move in.

NCORR's Strategic Buyout Program is voluntary and NCORR will not utilize the power of eminent domain. While NCORR has no direct authority to perform eminent domain, it could request the Division of Administration to execute eminent domain on its behalf. Although NCORR does not intend to use the State's eminent domain authority, NCORR will follow the four-part criteria required of eminent domain under 49 CFR 24.101(b)(1) (i-iv) when presenting buyout as an option for buyout program applicants.

Under the reasonable accommodation policy, case managers shall assess the specific needs of each program beneficiary and determine if a 504/ADA modification is required based on the unique facts and circumstances presented by the applicant. To ensure accessibility for applicants, NCORR has adopted a Section 504/Americans with Disabilities Act (ADA) policy which ensures the full right to reasonable accommodations by all program participants. No otherwise qualified individual with disabilities shall solely by reason of his or her disability, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded with CDBG-DR funds provided by NCORR.

To the maximum extent feasible, alterations made to existing non-housing facilities shall be made to ensure that such facilities are readily accessible to and usable by individuals with disabilities. Any new non-housing facilities constructed by NCORR shall be designed and constructed to be readily accessible to and usable by persons with disabilities.

New housing developed with CDBG-DR funds will comply with accessibility standards set at 24 CFR Part 40. NCORR will utilize the [UFAS Accessibility Checklist](#) as a minimum standard for structures with five or more units to assist in the compliance of Section 504 of the Rehabilitation Act. The checklist will be used when reviewing the design of all newly constructed residential structures (other than residential structures that do not receive federal financial assistance). The Fair Housing Act (including the seven basic design and construction requirements set in the Fair Housing Act)²⁷ also applies to buildings with four or more units. New housing developed with CDBG-DR funds will also comply with Titles II and III of the Americans with Disabilities Act, as applicable.

NCORR also complies with the Americans with Disability Act, which prohibits discrimination in employment based upon disability. NCORR complies with Title II of the ADA in its implementation of other non-housing projects, such as infrastructure, to include accessibility features at all improved sites such as curb ramps, sloped areas at intersections, and the removal of any barriers to entry for those with disabilities.

All public facilities that are federally assisted shall also exceed the minimum threshold for 504/ADA compliance. Multifamily and other housing development programs will also be required to have the minimum numbers of mobility units and hearing/vision units in a range of bedroom sizes in accordance with 504/ADA requirements. Along with single family programs, the affordable housing rental programs will be required to have an architect's/engineer's

²⁷ Fair Housing Accessibility First. *Fair Housing Requirements*.

signature on a form stating that the designed unit meets 504/ADA compliance. Failure to deliver the appropriately constructed ADA/504 compliant unit(s) will result in the construction firm not being paid and in breach of contract until the deficiencies are corrected.

North Carolina qualifies as a safe harbor state in that over 5 percent of its population speaks another primary language outside of English in the home. The adopted LAP is cognizant of these demographics and offers print material of vital documents in Spanish and will provide other language translation services as needed.

This page intentionally left blank.

6.0 Allocation Methodology

The most significant consideration in developing CDBG-DR activities and the allocation of funds is the Unmet Recovery Needs Assessment. The assessment, found in Part 4.0 above, reviews the recovery needs of the State following Hurricane Florence. For CDBG-DR funded activities, the focus remains on restoring impacted housing and other services needed to supplement the housing recovery.

6.1 Connection between Unmet Recovery Need and Programming

A detailed list of funded programs is included below. Each funded program is in direct response to an unmet need identified in Section 4.0 above. The CDBG eligible activity is presented as the subsection of the Housing and Community Development Act, or specific waiver as stated in the Notice. The HUD National Objective criteria include the following:

- **LMA (Low/mod area benefit).** Activities providing benefits that are available to all the residents of a particular area, at least 51 percent of whom are low- and moderate-income. The service area of an LMA activity is identified by NCORR.
- **LMC (Low/mod limited clientele).** Activities which benefit specific low- and moderate-income individuals. LMC activities provide benefits to a specific group of persons rather than to all residents of a particular area.
- **LMH (Low/Mod housing benefit).** Activities undertaken which improve or provide permanent residential structures that will be occupied by low/mod income households.
- **LMB (Low/Mod Buyout).** Set by HUD in 82 FR 36825 to allow for meeting a National Objective when CDBG-DR funds are used for a buyout award to acquire housing owned by a qualifying LMI household, where the award amount (including optional relocation assistance) is greater than the post-disaster (current) fair market value of that property.
- **LMHI (Low/Mod Housing Incentive).** Set by HUD in 82 FR 36825 to allow for meeting a National Objective when CDBG-DR funds are used for a housing incentive award, tied to the voluntary buyout or other voluntary acquisition of housing owned by a qualifying LMI household, for which the housing incentive is for the purpose of moving outside of the affected floodplain or to a lower-risk area; or when the housing incentive is for the purpose of providing or improving residential structures that, upon completion, will be occupied by an LMI household.
- **UN (Urgent Need).** Urgent Need projects include projects which pose a serious and immediate threat to the health or welfare of the community, are of recent origin or recently became urgent, and are unable to be otherwise financed.

This Action Plan does not modify any Federal standards or other legal requirements. Any effort by the State of North Carolina or its agents to modify such standards or other legal requirements must be preceded by the ordinary procedures to request a waiver from the

appropriate Federal authority. As Public Law 115-123 provided “The Secretary of Housing and Urban Development may waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary or the use by the recipient of these funds (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment), if the Secretary finds that good cause exists for the waiver or alternative requirement and such waiver or alternative requirement would not be inconsistent with the overall purpose of Title I of the Housing and Community Development Act of 1974.” Notice of proposed waivers must be accompanied by evidence of public comment including, but not limited to, review and input by low-income and minority residents, businesses, and other institutions.

6.2 Allocations and Programming

The total combined CDBG-DR allocation set forth in PL 115-254 and PL 116-20 is \$542,644,000. NCORR set aside five percent of these funds (\$27.1 million) for administrative costs associated with the recovery activities described below.

Considering the greatest outstanding need and in accordance with HUD guidance to primarily address housing recovery, [\\$457 million is allocated to a suite of programs to benefit homeowners \(the Homeowner Recovery Program\)](#). This allocation has been increased substantially from the original Action Plan due to increased interest in this program when applications reopened in Summer 2020 and before the application period for assistance closed on April 21, 2023.

NCORR recognizes the significant recovery challenges that face renters across the impacted areas of the State. Approximately one in four individuals receiving FEMA assistance are renters. To address the significant renter recovery need, [\\$54 million is allocated to the Affordable Housing Development Fund](#).

The allocation of funds to MID areas reflects the MID determinations made by HUD for Hurricane Florence. According to the 2019 appropriations act, the State may use funds allocated in response to Hurricane Matthew interchangeably with funds allocated for Hurricane Florence for the same activities, and vice versa, in the most impacted and distressed areas. Therefore, the MID areas are assumed to include the Hurricane Matthew-established MID areas (Bladen, Columbus, Cumberland, Edgecombe, Robeson, and Wayne). The remaining 20 percent of the “non-MID” allocation is reserved for those areas determined to be most impacted as reflected in the unmet recovery needs analysis completed above.

6.3 Method of Distribution and Delivery

In previous CDBG implementation and delivery, NCORR has consistently prioritized providing funds to communities that experienced the most significant damage from Hurricanes Matthew and Florence. NCORR continues to provide assistance to each impacted county, with a primary focus on those that were most impacted and distressed.

If SRAs are determined to be beneficial to NCORR for the expedient and proficient use of CDBG-

DR funds, the method of distributing funds to the subrecipient will be set forth in the SRA. New and updated SRAs will also include:

- The threshold of the grant award and the amount to be subgranted.
- The use of the CDBG-DR funds by responsible organization, activity, and geographic area.
- The CDBG eligibility criteria and national objective, as well as any additional criteria for the subrecipient's use of funds.

The selection of subrecipients will weigh the following factors, in order of importance:

- Subrecipient alignment with CDBG-DR objectives and priorities.
- Subrecipient capacity.
- Project/Program feasibility.
- Project/program cost and/or leverage.

Specific terms may be implemented to SRAs depending on the selection criteria reviewed

above. Sub-criteria may expand upon these selection criteria in order to fully understand the nature of the proposed project. Specific application selection criteria will be incorporated into specific program manuals and guidance. NCORR notes that CDBG-DR funds may not be used for ineligible activities, including but not limited to a forced mortgage payoff, construction of dam/levee beyond original footprint, incentive payments to households that move to disaster-impacted floodplains, assistance to privately-owned utilities, and not prioritizing assistance to businesses that meet the definition of a small business. NCORR will ensure that all CDBG-DR funds are for eligible uses.

6.4 Vulnerable Populations

Of significant concern is housing which typically serves vulnerable populations, including transitional housing, permanent supportive housing, permanent housing serving individuals and families (including subpopulations) that are homeless and at-risk of homelessness, and public housing developments. NCORR develops each program with consideration for recovering individuals, especially concerning individuals with access and functional needs that will require assistance with accessing and/or receiving CDBG-DR disaster resources. These individuals may be children, senior citizens, persons with disabilities, from diverse cultures, transportation disadvantaged, homeless, having chronic medical disorders, and/or with limited English speaking, reading, having comprehension capacity, or altogether be non-English speaking.

6.4.1 Terms Defined

HUD and other federal crosscutting requirements and standards are applicable to activities proposed in this Action Plan. These requirements and standards and some common definitions of these items are included below.

- **Accessibility and Accessibility Standards.** The Uniform Accessibility Standards Act (UFAS) requires that buildings and facilities designed, constructed, or altered with federal funds be accessible and these standards were developed to define what “accessible” means. UFAS is one of the standards which federal grantee shall use to comply along with Title II of the Americans with Disabilities Act.
- **Affirmatively Furthering Fair Housing (AFFH).** AFFH is a legal requirement that NCORR further the requirements of the Fair Housing Act. The obligation to affirmatively further fair housing has been in the Fair Housing Act since 1968 (for further information see Title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3608 and Executive Order 12892).
- **Areas of Opportunity.** The federal government defines high opportunity areas as either an area designated by the Department of Housing and Urban Development (HUD) as a Difficult Development Area (DDA) during any year covered by the Duty to Serve Plan or in the year prior to the Plan’s effective date, whose poverty rate is lower than the rate specified by FHFA in Evaluation Guidance—those tracts with poverty rates below 10 percent (for metropolitan DDAs) and below 15 percent (for non-metropolitan DDAs); or an area designated by a state or local Qualified Allocation Plan (QAP) as a high opportunity area and which meets a definition identified as eligible for Duty to Serve credit in the Evaluation

Guidance for the issuance of Low Income Housing Tax Credits.

- **Community Participation.** The primary goal is to provide citizens where CDBG-funded activities will take place an opportunity to participate in an advisory role in the planning, implementation, and assessment of proposed programs and projects. NCORR commits to hearing from all impacted individuals regardless of race, color, national origin, income, or any other potential social disparity.
- **Effective Communication.** Communication methods include the provision of appropriate auxiliary aids and services, such as interpreters, computer-assisted real time transcription (CART), captioned videos with audible video description, visual alarm devices, a talking thermostat, accessible electronic communications and websites, documents in alternative formats (e.g., Braille, large print), or assistance in reading or completing a form, etc.
- **Environmental Justice.** Environmental justice means ensuring that the environment and human health are protected fairly for all people regardless of race, color, national origin, or income. Executive Order 12898, "Federal Actions to Address Environmental Justice in Minority Populations and Low-income Populations" (2/94) requires certain federal agencies, including HUD, to consider how federally assisted projects may have disproportionately high and adverse human health or environmental effects on minority and low-income populations.
- **Fair Housing and Equal Opportunity.** NCORR commits to working toward eliminating housing discrimination, promote economic opportunity, and achieve diverse, inclusive

communities by leading the nation in the enforcement, administration, development, and public understanding of federal fair housing policies and laws. The laws implemented and enforced by FHEO include the Fair Housing Act, Title VI of the Civil Rights Act of 1964, Section 109 of the Housing and Community Development Act of 1974, Section 504 of the Rehabilitation Act of 1973, Titles II and III of the Americans with Disabilities Act of 1990, The Architectural Barriers Act of 1968, and The Age Discrimination Act of 1975.

- **Limited English Proficiency.** Under Title VI of the Civil Rights Act of 1964 and in accordance with Supreme Court precedent in *Lau v. Nichols*, recipients of federal financial assistance are required to take reasonable steps to ensure meaningful access to their programs and activities by limited English proficient (LEP) persons. In accordance with Executive Order 13166, the meaningful access requirement of the Title VI regulations and the four-factor analysis set forth in the Department of Justice (DOJ) LEP Guidance apply to the programs and activities of federal agencies, including HUD. In addition, EO 13166 directs each federal agency that provides financial assistance to non-federal entities to publish guidance on how their recipients can provide meaningful access to LEP individuals and thus comply with Title VI regulations forbidding funding recipients from restricting an individual in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service, financial aid, or other benefit under the program. The Fair Housing Act prohibits national origin discrimination in both private and federally assisted housing. For example, a housing

provider may not impose less favorable terms or conditions on a group of residents of a certain national origin by taking advantage of their limited ability to read, write, speak or understand English.

- **Minority Low-income areas and Populations.** A low-income population is defined as a group of individuals living in geographic proximity to one another, or a geographically dispersed or transient (migrant) group of individuals that have household incomes at or below poverty level. Individuals who are members of the following population groups are considered minorities: American Indian or Alaskan Native, Asian or Pacific Islander, Black (not of Hispanic origin), or Hispanic. A low income or minority population can be identified where either: Low income or minority individuals constitute more than 50% of the population of the project area; or the percentage of low income or minority individuals in an affected area is twice that as the county or state as a whole (for example: 30% of the

project area is low income but only 15 percent of the county is low income). Several methods can be used to determine if there are low income or minority populations present in your project area. The most common and defensible method is to review data provided by the US Census Bureau. This data may be obtained from the [American Factfinder](#) portion of Census Bureau website. The website maintains data for a variety of different areas, including: the entire country, a state, county, census tract, block group, and block. For most projects, data from the census tract or block group level are the most relevant.

- **Non-discrimination.** The practice of implementing programs such that no applicant or prospective applicant is treated differently based on race, color, national origin, religion, sex, familial status, and disability. This also includes taking steps to ensure access to those with Limited English Proficiency (LEP) and those with disabilities. North Carolina also

prohibits discrimination based on sexual orientation and gender identity.

- **Protected Classes.** The seven classes protected under the Federal Fair Housing Act are color, disability, familial status, (i.e. having children under 18 in a household, including pregnant women), national origin, race, religion, and sex. Discrimination is also forbidden based on age (those 40 years of age or older) or genetic information.
- **Reasonable Accommodation.** A change, exception, or adjustment to a rule, policy, practice, or service that may be necessary for a person with disabilities to have an equal opportunity to use and enjoy a dwelling, including public and common use spaces, or to fulfill their program obligations. Please note that the ADA often refers to these types of accommodations as “modifications.” Any change in the way things are customarily done that enables a person with disabilities to enjoy housing opportunities or to meet program requirements is a reasonable accommodation. In other words, reasonable accommodations eliminate barriers that prevent persons with disabilities from fully participating in housing opportunities, including both private housing and in federally assisted programs or activities. Housing providers may not require persons with disabilities to pay extra fees or deposits or place any other special conditions or requirements as a condition of receiving a reasonable accommodation.

6.4.2 Assessing the Needs and Location of Vulnerable Populations

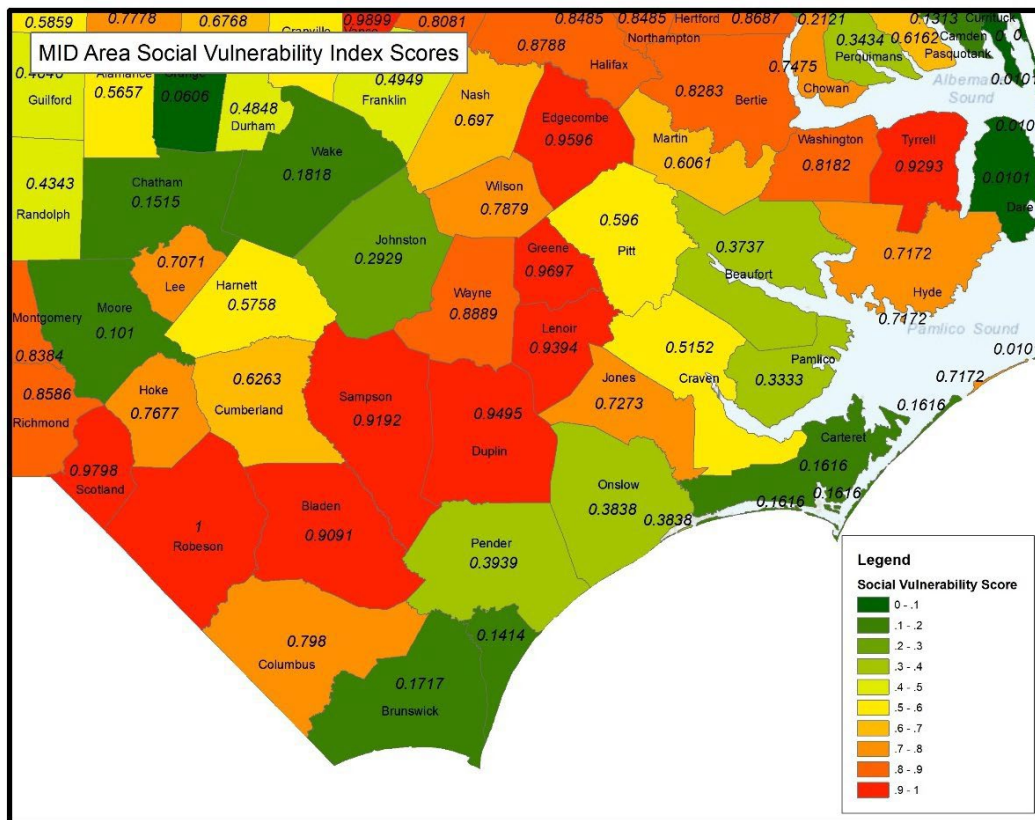
NCORR considers the provision of specialized resources that may include, but are not limited to, public or private social services, transportation accommodations, information, interpreters, translators, I-speak cards, and other services for those persons who may be visually or speech impaired during the Action Plan process free of charge. NCORR is taking care to ensure that individuals are able to access disaster recovery resources.

A full analysis of the demographic population of the recovering areas affected by Hurricane Florence are found in Part 4.6 of the Action Plan. NCORR believes that the affordable housing development program is an avenue to address vulnerable populations in the recovery process. NCORR will prioritize through its selection criteria affordable housing projects which include service for very-low income individuals and households, provide transitional or supportive housing, those homeless or at-risk of homelessness, the elderly, disabled, and those with

alcohol or drug addiction. The Public Housing Restoration Fund will also provide for individuals recovering from disaster which currently participate or may participate in public housing programs.

The Center for Disease Control’s Social Vulnerability Index (updated 2016) for the State of North Carolina is mapped below. The social vulnerability score indicated for each county below is an aggregate of the vulnerability for socioeconomic, household composition and disability, minority status and language, and housing and transportation factors. Counties are ranked from 0 to 1. Counties which are in the top 10 percent of vulnerability – meaning most vulnerable – are assigned a score of 1. Scores closer to 0 are relatively less vulnerable than those with scores closer to 1.

Figure 1 - Social Vulnerability Index



Robeson County presents a unique challenge in that it is the most socially vulnerable county, before accounting for the dual impact and MID designation for both Hurricanes Matthew and Florence. Similarly, a swatch of MID areas including Scotland, Bladen, and Duplin present similar challenges with a social vulnerability score close to 1. Edgecombe County, a MID area for Hurricane Matthew Recovery, also has a high social vulnerability score. An awareness of these vulnerabilities is critical to understanding the unique recovery challenges for these areas and ensuring that recovery programs account for those vulnerabilities, and if possible, address them.

NCORR commits to Affirmatively Furthering Fair Housing and complies with Civil Rights laws in the implementation of its programs. NCORR further understands the complexity of housing resilience in racially and ethnically concentrated areas, as well as concentrated areas of poverty. NCORR will coordinate with impacted stakeholders to determine the best course of action to provide equitable, meaningful housing solutions for all impacted individuals. To best serve vulnerable populations such as those requiring transitional housing, permanent supportive housing, permanent housing serving individuals and families (including subpopulations) that are homeless and at-risk of homelessness, and public housing developments, NCORR will engage local Public Housing Authorities (PHAs) to support resilience needs for public housing at the local level to help serve these groups. Further, resident consultation is a requirement under the PHA Plan process and requires coordination between the PHA and the Consolidated Planning Process. Before expending CDBG-DR funds, NCORR will work with PHAs to reach LMI and minority communities.

Organizationally, NCORR has sought staff and resources to ensure that vulnerable populations receive equitable and fair treatment. NCORR has a dedicated Resiliency Team, charged with assisting the Housing Recovery Support Function (RSF), a task force charged in part with addressing inequality. Key NCORR staff members have also participated in the Racial Equity Institute's Groundwater Approach Training, a nationally-recognized program for helping individuals and organizations who want to proactively understand and address racism, both in their organization and in the community.

NCORR has taken additional steps to address extremely low income (ELI) individuals and households, defined as those which earn equal to or less than 30 percent of area median income, as well as individuals with disabilities. In the prioritization criteria for affordable housing proposals received for the Affordable Housing Development Fund, proposals which include considerations for these groups will receive prioritization over similar projects which do not include plans for these populations.

NCORR is committed to rebuilding damaged communities in a more resilient manner that affirmatively furthers fair housing opportunities to all residents. For this reason, the analysis identifies which impacted neighborhoods have a disproportionate concentration of minority populations as well as those with Limited English Proficiency. As these communities rebuild, the State will focus its planning and outreach efforts to ensure that rebuilding is equitable across all neighborhoods, including making provision for all information available about CDBG-MIT funding and programs in both English and Spanish and having appropriate translation, interpretation, and others services for persons with disabilities free of charge and accessible to the public in accordance with all HUD regulations and program guidelines.

Table 1 - Key Demographics, Florence Impacted Counties

County	MID Area	LMI Population	Total Population	% LMI	Minority	Hispanic	LEP	Persons with Disabilities
Anson County	-	12,005	24,295	49.41%	48.6	4.3%	4.9%	12.5%
Beaufort County	-	19,205	47,075	40.80%	25.1%	8.0%	6.1%	13.1%
Bladen County	Yes	16,735	34,105	49.07%	42%	7.5%	3.0%	21.6%
Brunswick County	Yes	47,235	115,025	41.06%	17%	4.7%	2.10%	17.2%
Carteret County	Yes	26,895	67,125	40.07%	11%	4.2%	1.8%	19.9%
Chatham County	-	28,425	66,565	42.70%	12.7%	12.3%	5.8%	10.3%
Columbus County	Yes	24,610	54,415	45.23%	38%	5.0%	2.6%	20.1%
Craven County	Yes	36,490	100,565	36.28%	30%	7.0%	3.6%	17.4%
Cumberland County	Yes	117,930	314,220	37.53%	51%	11.2%	3.2%	14.0%
Duplin County	Yes	29,900	58,775	50.87%	36%	21.3%	12.1%	19.0%
Durham County	-	134,820	275,290	48.97%	37.3%	13.7%	8.9%	7.0%
Greene County	-	9,090	19,235	47.26%	36.8%	15.5%	7.1%	18.1%
Guilford County	-	205,120	490,610	41.81%	35.1%	8.2%	5.7%	7.5%
Harnett County	-	48,490	121,000	40.07%	22.0%	13.0%	3.5%	10.1%
Hoke County	-	20,520	49,850	41.16%	35.3%	13.6%	5.2%	13.4%
Hyde County	-	1,640	5,005	32.77%	29.0%	9.2%	6.9%	6.8%
Johnston County	-	92,715	176,620	52.49%	16.8%	14.0%	5.5%	10.5%
Jones County	Yes	4,565	10,040	45.47%	34%	4.2%	2.4%	23.8%
Lee County	-	23,400	58,375	40.09%	20.1%	19.5%	8.4%	11.6%
Lenoir County	-	27,790	57,525	48.31%	41.5%	7.5%	4.8%	19.1%
Moore County	-	36,635	90,530	40.47%	12.2%	6.8%	2.5%	10.1%
New Hanover County	Yes	94,235	206,370	45.66%	19%	5.3%	2.8%	12.6%
Onslow County	Yes	58,239	170,790	34.10%	26%	11.8%	2.0%	16.9%
Orange County	-	54,145	128,180	42.24%	11.8%	8.6%	6.0%	5.9%
Pamlico County	Yes	4,965	12,350	40.20%	24%	3.6%	.50%	20.8%
Pender County	Yes	22,025	53,820	40.92%	23%	6.4%	3.0%	16.7%
Pitt County	-	75,519	167,660	45.04%	35.7%	6.3%	2.6%	8.9%
Richmond County	-	21,705	44,665	48.60%	32.0%	6.7%	3.4%	13.2%
Robeson County	Yes	70,970	131,455	53.99%	16.6%	8.3%	3.6%	16.6%

County	MID Area	LMI Population	Total Population	% LMI	Minority	Hispanic	LEP	Persons with Disabilities
Sampson County	-	29,415	62,945	46.73%	26.6%	20.4%	9.8%	13.8%
Scotland County	Yes	17,835	33,675	52.96%	55%	2.8%	.40%	19.5%
Union County	-	73,680	211,280	34.87%	12.3%	11.4%	4.9%	6.3%
Wayne County	Yes	52,850	121,450	43.52%	32.3%	12.3%	6.2%	12.2%
Wilson County	-	34,285	80,005	42.85%	40.4%	10.8%	4.7%	11.4%

6.4.3 LMI Populations

As a result of historic and structural racism, communities of color are disproportionately concentrated in low- and moderate-income (LMI) neighborhoods. In every one of the 16 counties considered most-impacted and distressed (MID) zones for Florence CDBG-DR funds, the mean per capita income of white households is higher than the mean income of African-American households and Latino/Hispanic households, and white mean per capita income is higher than mean Native American household income in all but two counties. White mean per capita income is at least twice as high as the mean per capita income for African Americans in two counties, and at least twice as high as Hispanic/Latino mean per capita income in 11 of the 16 counties. Given these racial disparities in income across the impacted counties, it is particularly important to consider how this action plan affects LMI, very low-income (VLI), and extremely low-income (ELI) communities. Low-income households have fewer resources to prepare for storms – by elevating structures, moving out of flood zones, or strengthening home construction – and fewer resources to dedicate to storm recovery, putting them at still greater risk of continuing damage as repairs are not made. Low-income households may also have less capacity to relocate during disasters. All these factors put these communities at risk for greater damage during Hurricane Florence and will continue to put them at risk in future storms. The ReBuild NC program is explicitly intended to assist the most vulnerable of North Carolina’s citizens. These citizens, as HUD and NCORR rightly recognize, face the greatest barriers to long-term recovery.

NCORR is committed to serving the LMI population of the impacted areas of the State. A minimum of 70 percent of all allocated funds must be used to the benefit of low- and moderate-income individuals and households. To the greatest extent possible, VLI and ELI groups will also be served through the Affordable Housing Development Fund.

The affordable housing components of the CDBG-DR allocation remain 100 percent allocated to the benefit of LMI individuals and households. To the extent that it is feasible, all other programs will also be delivered to maximize LMI individual and household benefit.

6.4.4 Affordability Requirements

In 83 FR 40314, HUD clarified affordability requirements for new construction and rehabilitation of units. NCORR will require these affordability requirements for new construction for home ownership, rehabilitation or reconstruction of multi-family rental projects with eight or more units, and new construction of multi-family projects with five or more units.

Table 2 - Affordability Periods

Project Type	Use	Affordability Period
New construction of single-family housing for LMI individuals and households	Ownership	5 years
Rehabilitation or Reconstruction of multi-family projects, 8 or more units	Rental	15 years
New construction of multi-family projects, 5 or more units	Rental	20 years

Rental units subject to these affordability requirements must be rented to LMI individuals and families at affordable rents. NCORR defines affordable rents in the Affordable Housing Development Fund Program description at Part 7.4 below.

Rental units that are rehabilitated or reconstructed with fewer than eight units, and rental units that are newly constructed with fewer than five units are not subject to these affordability requirements, although alternative requirements may be enforced by match funds or as a condition of participation in the Affordable Housing Development Fund. NCORR will require a minimum of a five-year affordability period on units served through the Small Rental Recovery Program, which serves one to four-unit properties. Affordability periods for greater than five years may be established based on project cost, project type, or project scope. Affordability periods do not otherwise apply to rehabilitation or reconstruction of single-family property.

NCORR will ensure that affordability requirements are enforced through deed restriction, covenant, or similar mechanism dependent on the type and scope of the funded project. Recapture terms of granted or loaned funds for projects subject to these affordability requirements will be provided to the applicant to the program prior to construction start. NCORR or a selected subrecipient will be charged with ensuring that resale and recapture provisions for each funded project subject to these requirements are followed during project execution. The recapture provisions will be specific to each funded project, but at a minimum NCORR will:

- Enforce recapture of grant or loan funds if the affordability period is determined to be broken.
- Perform occasional site monitoring or subgrant monitoring responsibilities to subrecipients to ensure compliance.
- Place specific recapture provisions in deed restrictions, covenants, liens, or other mechanisms so that a change of use or ownership may require repayment of funds.

NCORR or its subrecipients will review the facts and circumstances of items triggering recapture, such as a change of ownership or sale, and determine if the deficiency can be cured prior to initiating funds recapture.

6.4.5 Application Status

NCORR is committed to sharing timely and accurate updates on applications to the multiple programs that take applications directly from recovering individuals and families.

For all direct applicant service programs, applicants can learn more about the status of their application through the following methods:

- 833-ASK-RBNC (833-275-7262).
- Phone call directly to the assigned case manager.
- Direct email to the assigned case manager.

6.5 Leverage Opportunities

NCORR commits to advancing recovery programs and activities that provide long term benefits and improved resilience to current and future hazards. NCORR also aligns its CDBG-DR programs or projects with other planned federal, state, regional, or local capital improvements, where feasible, including other CDBG-DR and CDBG-MIT grants.

The recovery effort for the State of North Carolina has been assisted through the provision of multiple funding sources. Primarily of interest to the recovery are funds received for FEMA Public Assistance (PA), FEMA Individual Assistance (IA), FEMA Hazard Mitigation Grant Program (HMGP), Small Business Administration (SBA) Disaster Loans, Department of Transportation (DOT) funds, and U.S. Army Corps of Engineers (USACE) funds.

This page intentionally left blank.

7.0 Activities

The NCORR philosophy for Hurricane Florence recovery is to continue funding projects which have existing operations and administrative elements in place. NCORR is able to do the most good by limiting programs to those which currently exist in service of the Hurricane Matthew recovery, with some adjustments to account for the expanded area and need specific to Hurricane Florence.

The following section provides a description for each recovery program and provides a general program overview, including award limits, eligibility criteria (both geographic and applicant criteria), prioritization criteria, and projected start and end dates. For all allocations, the focus remains on primarily addressing the housing recovery need. Therefore, programs which do not directly fund housing, such as the Infrastructure Recovery Program, must have a documented tie-back to housing recovery.

Recovery needs change over time. As program needs evolve, programs may shift and change to meet the need. Changes to unmet needs which result in a change in program benefit or eligibility criteria, the addition or deletion of an activity, or the allocation or reallocation of \$15 million or more will result in a substantial amendment to the Action Plan.

7.1 Planning Activities

Generally, the CDBG-MIT funds are the primary means that NCORR will use to fund planning activities. However, some CDBG-DR funds are necessary for planning activities that more closely relate to recovery rather than mitigation needs. As noted in Section 1.0 this SAPA completes the planning activities NCORR funded through the CDBG-DR funds.

7.2 Homeowner Recovery Program

7.2.1 Program Description

The Homeowner Recovery Program (HRP) will aid homeowners who experienced major to severe damage to their homes and have remaining unmet needs, after accounting for assistance received to recover. The program will include rehabilitation, repair, reconstruction, and manufactured home unit (MHU) replacement activities as well as elevation and flood insurance subsidies to eligible homeowners. In consideration of changing construction costs and the availability of labor and materials, NCORR has made the strategic decision during specific periods to use modular home construction as a viable replacement for reconstruction and certain MHU replacement work. Homeowner Recovery Programs will be administered by NCORR. Available homeowner assistance is listed below.

7.2.1.1 Program Start Date

Q1 2020

7.2.1.2 Projected End Date

Q2 2026

7.2.1.3 Allocation for Homeowner Recovery Activities

\$456,217,858.82

7.2.1.4 National Objective

LMI, Urgent Need.

7.2.1.5 Eligible Activities

105 (a) (1) (3) (4) (5) (6) (7) (8) (9) (10) (11) (13) (14) (15) (16) (18) (20) (23) (24) (25)

Rehabilitation; Reconstruction, Acquisition; New Residential Construction; Relocation, Demolition and Clearance, Non-Federal Match, and Homeowner Assistance.

7.2.1.6 Geographic Eligibility

Homes must be located in one of the disaster-declared counties eligible to receive HUD funds.

7.2.1.7 Priorities

LMI households will be prioritized for assistance.

7.2.1.8 Application Process

North Carolina citizens who were directly impacted by the disaster who are located in an eligible county could apply to the Homeowner Recovery Programs through one application into the program at any of the ReBuild NC Centers as listed on the ReBuild NC website until applications for assistance were closed on April 21, 2023. Additional avenues are available for remote applications during the COVID-19 pandemic. The application allows applicants to list their housing recovery needs in more than one eligible category of assistance listed above.

7.2.1.9 Eligible Applicants

All owner-occupants whose primary residence was directly or indirectly impacted by Hurricane Matthew are eligible for Homeowner Rehabilitation, Homeowner Reconstruction, Manufactured Home Repair, and Manufactured Home Replacement. Owner-occupants are eligible for the track of the Homeowner Recovery Program which best suits their recovery needs. In accordance with HUD guidance that CDBG-DR funds may rehabilitate units not damaged by the disaster if the activity clearly addresses a disaster related impact and is located in a disaster-affected area (81 FR 83259 and 83 FR 5851), HRP will now assist properties in need of rehabilitation, reconstruction, or replacement in the most impacted and distressed (MID) areas regardless of the direct storm impact, as lingering challenges in suitable housing continue to stress housing availability in the MID areas. This MID designation includes the State-identified MID areas.

Applications were reviewed for all eligibility requirements outlined in the HRP Program Manual and to ensure meeting national objectives. For new applicants to recovery programs beginning in 2020 and beyond, the maximum income for participating individuals and families is 150 percent area median income (AMI). HUD releases AMI updates periodically. AMI information is available at https://www.huduser.gov/portal/datasets/il.html#2020_data. Individuals and families earning greater than 150 percent AMI with a demonstrable hardship as defined in program policies are eligible. Some program tracks within the Homeowner Recovery Program require less than 150 percent AMI. Those alternative requirements are specified in their respective sections of the Action Plan.

7.2.1.10 Inspections and Environmental Review

Every application undergoes a series of inspections as well as a thorough environmental review under HUD and NEPA regulations. There are typically three inspections of the applicant's structure: a damage inspection, a lead-based paint inspection, and an asbestos inspection. These inspections may be scheduled and conducted at any point in the applicant process. The damage inspection determines the estimated scope of work (SOW) for both the repairs completed by the applicant and the needed repairs remaining due to storm damage. This inspection directly informs the award type for the applicant. Both the lead-based paint and asbestos inspections are conducted by specifically licensed inspectors. The generated SOW from these inspections is not part of the applicant's award; rather, all non-overlapping SOW with that in the damage inspection is completed. The environmental review includes an on-site inspection and a desk-top analysis. A project cannot move to the construction phase until

successfully passing environmental review. If a project's SOW changes once in construction, a re-review may be required.

7.2.1.11 Eligible Activity Descriptions

7.2.1.11.1 Homeowner Rehabilitation and Reconstruction

For homeowners who qualify to have their homes repaired or to rebuild on their existing property, the program will provide grants for rehabilitation or reconstruction respectively. These grants are determined based on threshold levels of construction costs. Applicants may reach a level of repair scope, cost, or other situation in which reconstruction, instead of rehabilitation, is more feasible. Currently, the HRP has a limit of \$20,000 in repairs for a rehabilitation; repair amounts over this trigger a reconstruction. Likewise, a mandatory elevation, foundational damage, or later discoveries of significant damage a reconstruction. The method of determining the construction intent (rehabilitation or reconstruction/new construction) is based on an estimated SOW; the estimated SOW may change while in the program as is outlined in detail in the ReBuild NC Homeowner Recovery Program Manual and may change over time. Escrow balances must be paid prior to entering the construction phase.

The Rehabilitation SOW is based on the damage inspection. For a Reconstruction, Program staff will offer a floorplan based on a best-sized fit for the replacement. The Program will avoid replacing a damaged unit with a unit with fewer bedrooms than the preexisting unit, unless a smaller unit is the only option based on lot configuration, other local requirement, or applicant request. Homeowners will be provided the opportunity to appeal the selected floorplan during the award calculation step. In some instances, site-specific plans are necessitated by specific site conditions as identified by NCORR or the local jurisdiction. A substitute floor plan may be created if it is physically impossible to fit an existing Program floorplan on the applicant's lot due to, for example, lot size or setback requirements. Floor plan selection must be cost reasonable to the program and also include local, state, and/or federal building codes. An additional allowance is available for structural elevation if required.

7.2.1.11.2 Manufactured Home Unit Repair or Replacement

Single-wide manufactured home units with damages between \$1,000 and \$5,000 may be eligible for assistance with repairs. Applicants with repairs exceeding \$5,000 may be eligible for replacement. New applicants participating in the 2020 application period (and beyond) with a double-wide or larger MHU will be eligible for repairs between \$1,000 and \$10,000 and replacement of units with damages greater than \$10,000. Escrow balances must be paid prior to entering the construction phase.

The MHU Rehabilitation SOW is based on the damage inspection. An MHU Replacement award includes the demolition and removal of the original structure, the cost of the unit and its delivery, all installation and setup costs, and any environmental remediation or accessibility features such as ramps or lifts if required (ADA compliant units are available). An additional allowance is available for structural elevation. The replacement manufactured home will be a standard model that is comparable in size to the applicant's manufactured home (single-wide, double-wide, square footage, etc.) when possible. An additional allowance is available for

structural elevation if required. The Program may reimburse reasonable costs to an eligible applicant that replaces an MHU without using the state-managed procurement of a replacement unit; the reimbursement is subject to reimbursement limits per policy. More details on this alternative process are included in a Homeowner Recovery Program Manual. Replacing a damaged MHU on a different site (new construction) is allowable in certain situations, as set forth in the HRP Policy.

7.2.1.11.3 Reimbursement

For new applicants in 2020, homeowners who expended funds that are not duplicated with other assistance received in order to make necessary repairs or purchased a replacement manufactured home may be eligible for a reimbursement grant if these expenses were incurred prior to application or deemed as eligible expenses incurred after making an application. To be eligible for a reimbursement, applicants must earn less than 80 percent AMI or demonstrate a hardship to the Program. Reimbursement awards may be reimbursement only or combined with a rehabilitation award: a Rehabilitation – Reimbursement award. Reimbursement: up to \$70,000 to reimburse homeowners for non-duplicative expenses to repair their homes following the disaster prior to applying to the Homeowner Recovery Program. The reimbursement of expenses will be paid to homeowners who have completed disaster related repairs verified by inspections and program staff subject to environmental review. Rehabilitation – Reimbursement awards are subject to Rehabilitation thresholds. No reimbursement is provided with a Reconstruction or MHU Replacement award.

Homeowners that performed Emergency Repairs after the “stop work” period (from the time of the application until completion of the project) may still be eligible for assistance following a review of the scope of the repairs. Emergency Repairs are defined at 24 CFR Part 58.34(a)(10) as repairs that ‘do not alter environmental conditions and that are necessary only to arrest the effects from a state or federally declared public disaster or imminent threats to the public safety including those resulting from physical deterioration’. Homeowners that performed Emergency Repairs during the “stop work” period will be asked to submit documentation demonstrating that the repairs performed comply with 24 CFR Part 58.34(a)(10). Homeowner-provided documentation will be reviewed to determine eligibility to participate in the program. Participating homeowners must certify that their repairs meet the definition of Emergency Repairs before receiving reimbursement funding.

Reimbursement only awards may be offered to homeowners eligible for a Rehabilitation – Reimbursement award that wish to be reimbursed for work performed and not proceed with program-managed rehabilitation, if the remaining rehabilitation scope is modest and the homeowner is satisfied with a reimbursement only award. The method for calculating this award type is noted in each project file that accepts this alternative award.

7.2.1.11.4 Elevation Assistance

In addition to their reconstruction and MHU replacement awards, homeowners may receive elevation assistance in addition to award limits to ensure that their homes are elevated to meet regulatory requirements. The elevation assistance maximum for elevation assistance is capped at \$50,000 when awarded and limited to the actual cost of elevation. Applicants that meet the

criteria to be elevated as defined below. After a review of the average cost of elevation (including elevation design, engineering, and other “soft costs” of elevation), the average cost of repair, and a comparison to the cost of a comparable reconstruction, NCORR has determined that elevation is not suitable in combination with rehabilitation awards. However, applicants may appeal to have their property elevated as a part of a rehabilitation rather than reconstructed; or in some instances, reconstruction will not be allowable (such as with SHPO requirements), and elevation may need to be pursued instead. NCORR will make determinations on these instances on a case-by-case basis.

Following regulatory requirements, structures located within the 100-year floodplain that meet the FEMA definition of substantially damaged, will be substantially improved, or meet the Program reconstruction or MHU replacement threshold and not yet elevated 2 ft. above base flood elevation (BFE) will be elevated. A determination of substantially damaged or substantially approved is made by the local jurisdiction. A survey and subsequent elevation certificate will indicate the structures lowest-floor level in relation to BFE. Properties are also subject to elevation if required by local ordinance or by the local code enforcement officials, or located within a Disaster Risk Reduction Area (DRRA) as formally adopted by NCORR, within or outside of the 100-year floodplain.

At a minimum, homes will be elevated to two feet above the BFE as required by HUD or to local floodplain requirements, whichever documented construction height is highest and reasonable. For MHUs, if the Program elevation standard makes it infeasible to elevate, the HUD elevation requirement prevails or the project must be relocated to move forward. The Program is unable to elevate structures that are situated on leased land unless the permission of the land owner is secured. If the elevation of an MHU is infeasible, the project will need to be completed on a different parcel in order to proceed.

7.2.1.12 Flood Insurance Assistance

LMI homeowners whose damaged home is located in the 100-year floodplain may be eligible for reimbursement of their flood insurance premiums. This award assistance will reimburse an applicant for up to \$2,000 or a maximum of two years of premium, whichever is reached first.

7.2.1.13 Excess Duplication of Benefit (DOB) – Escrow; Subsidized Forgivable Loan

7.2.1.13.1 Calculation

In assessing each award, an applicant’s DOB for structural repairs is totaled and offset by the amount spent by the applicant on eligible repairs (determined by a damage inspection). If the applicant spent more than their DOB received, they may be eligible for a reimbursement if not receiving a reconstruction or MHU replacement award. If the DOB received exceeds the amount spent on repairs, the applicant has an escrow. That escrow is applied to rehabilitation, reconstruction, and MHU replacement awards. Once the escrow is subtracted from the total repair cost for a rehabilitation, and that total is less than \$1,000, the applicant is ineligible for assistance. An applicant receiving a reconstruction or MHU replacement award must pay that escrow, have it offset, or a combination of both in full before they can proceed with their project.

7.2.1.13.2 Escrow Credit

Once the amount of escrow required from the applicant has been determined, the applicant may pay the escrow directly. Applicants participating in the Reconstruction track of the Homeowner Recovery Program may be eligible to change the selection of their reconstructed floor plan to a smaller structure in exchange for a credit to the escrow requirement from the applicant based on the resultant reduction in project cost. This change does not permit a reimbursement to the applicant for the difference credited back to escrow.

7.2.1.13.3 Subsidized Forgivable Loans

In cases where a DOB analysis is performed and the Program identifies that there would be a duplication for a household (LMI applicants and those with a demonstrated hardship) whose damaged home still requires recovery assistance, the Program may provide a CDBG-DR subsidized forgivable loan up to duplication amount not to exceed \$50,000. This was a limited time offer during 2023. The rationale for loans more than \$50,000 will be documented in NCORR's system of record. The loans have two term periods; loans under \$5,000 are for one year, loans of \$5,000 or greater are for four years. These loans are unsecured at a 0% interest rate with the balance reduced each month by the fair market rental amount for the applicant's county. Additional details on subsidized loan, payment rates, forgiveness or cancellation terms, repayment schedule, monitoring requirements, acceleration schedule, and other loans terms will be found in the loan documents and Program manual or procedures.

7.2.1.14 Temporary Relocation Assistance (TRA)

NCORR has adopted an Optional Relocation Policy to provide households with incomes less than or equal to 120 percent of Area Median Income (AMI) with temporary relocation assistance while they are unable to occupy their home during construction activities. Households earning greater than 120 percent AMI may qualify for TRA through a hardship exception. The Program will pay reasonable costs temporary lodging and storage based on rate schedules developed by NCORR. This benefit is in addition to program caps for construction assistance.

7.2.1.15 Uniform Relocation Act (URA)

URA is a regulatory requirement for all federal programs. The statutory URA policies and notification requirements will be followed to assist any tenants who are temporarily or permanently displaced due to program activities.

7.3 Affordable Housing Development Fund

7.3.1 Program Description

The Affordable Housing Development Fund program was added to NCORR's CDBG-MIT program in SAPA 6 of that action plan. The allocation for the program under the Florence CDBG-DR program was correspondingly decreased in SAPA 6 of this action plan. The reallocation is part of NCORR's long-term strategy to mitigate damage to North Carolina's most vulnerable communities caused by future hazards, and to develop a resilient, affordable housing stock in North Carolina's most vulnerable areas. Further information can be found in the Mitigation action plan at rebuild.nc.gov/about/plans-policies-reports/action-plans.

In early versions of this action plan, NCORR has focused on the Multi-Family Rental Housing Program to assist impacted renters recovering from Hurricane Matthew. These programs are beneficial to renters, but may not be best suited to meet the renter recovery need of such a vast geography which spans urban, suburban, and rural communities representing vastly different demographics. Compared to the Small Rental Recovery Program and the previously implemented Multi-Family Rental Housing Program, the Affordable Housing Development Program seeks to create new housing stock in a way that is more responsive to the needs of the recovering community. In some instances, this will be "traditional" multi-family rental units. In other instances, it may be clustered or site-by-site newly created small rental units or for-sale units. The program will primarily consider new construction but may consider rehabilitation of existing units.

Similar to the use of Hurricane Matthew CDBG-DR funds, NCORR may fund projects that have been identified for funding through the Qualified Allocation Plan (QAP) process. NCORR may fund projects that are proposed in the MID areas of the state through this process.

Separately, NCORR may solicit projects from qualified property management organizations, public, private, or non-profit organizations (which may include Units of Local Government

(UGLGs)), and Community Development Housing Organizations (CHDOs)/Community Based Development Organizations (CBDOs) to determine the best fit for affordable housing, responsive to the needs for impacted communities. Upon evaluation of proposals, NCORR may subgrant funds using the SRA model or enter into a contract agreement to execute projects, based on the nature of the proposer and the proposal. The QAP process described above will not necessarily follow the selection criteria and prioritization criteria defined in the subsections below.

The definition NCORR uses for affordable rent is the same as the HOME Investment Partnership Program definition. These rental limits are updated periodically and are calculated by metro area or county. The affordable rent limits methodology is available at <https://www.huduser.gov/portal/datasets/HOME-Rent-limits.html> and specific affordable rent limits are updated annually. Units created or rehabilitated using CDBG-DR funds for rent must not exceed these rent limits, based on the geographic location and bedroom size of the unit. However, at times NCORR provides match funds for projects or coordinates with developers, partners, or property managers that define affordable rent differently. NCORR may elect to adopt an alternate definition of affordable rent when an alternate rent limit is proposed, in lieu of the definition of above. In those instances NCORR will document that decision in the project file.

Assistance to facilitate new construction, rehabilitation, or reconstruction of the affordable housing stock, such as rental or homeownership units, will be provided in the form of loans, unless a compelling reason is presented in the application for an alternative funding arrangement (such as a grant). The loan terms and conditions are dependent on the nature of the project and level of risk, as evaluated by the NCORR appointed selection committee or NCORR designated approver.

7.3.2 Maximum Award

The maximum award of CDBG-DR funds to affordable housing is based on actual need, not to exceed \$10 million in CDBG-DR funding. As project costs are reviewed, the \$10 million cap may be exceeded if a compelling and significant benefit to resiliency or the local affordable housing stock is realized through project execution. When the cap is exceeded, NCORR will document such exceptions and the rationale behind the decision-making process.

7.3.3 Geographic Eligibility

NCORR will evaluate proposals and favor those proposals which are located within MID areas of the State for both Hurricane Matthew and Hurricane Florence. New construction and rehabilitation must occur outside of the 100-year floodplain, or where floodplain designation is peripheral and distinct from the location of any planned development activity for the project.

7.3.4 Priorities

Prioritization of projects will be based on the highest scoring proposals. Proposal selection criteria may include:

- Site location and suitability;
- Proposer capacity;
- Affordability structures, with a preference for projects with units set aside to serve Extremely Low Income and Very Low Income populations;
- Proposals with units and amenities set aside for those with disabilities or for special needs populations;
- The total development cost versus the CDBG-DR share of that cost;
- Proposal feasibility;
- Proposed development's Readiness to Proceed;
- Coordination with resiliency and disaster recovery planning and/or design; and
- Proposals or solutions which present innovative and leveraged approaches to the affordable housing problem after disaster.

Specific prioritization for the selection of projects will be published prior to the launch of applications.

7.3.5 Eligible Applicants

Qualified UGLGs, property management organizations, public, private, or non-profit organizations, and Community Development Housing Organizations (CHDOs)/Community Based Development Organizations (CBDOs) may be eligible to apply for affordable housing development funds.

Specific applicant eligibility requirements will be published prior to the launch of applications and will be outlined in program manuals as additional funding is made available.

7.3.6 Projected Start and End Date

NCORR will open an application period for projects after receipt of the grant agreement from HUD. The application period is expected to begin in Q4 2020.

- Start Date: Q4 2020
- End Date: Q2 2026

7.4 Homeownership Assistance Program

The Homeownership Assistance Program provides downpayment assistance to households earning less than 120 percent of area median income. After SAPA 6, The Homeownership Assistance Program will be funded through the CDBG-MIT grant due to the need to coordinate closely with the Strategic Buyout and Affordable Housing Development programs and to better align the program with NCORR's long-term mitigation and resilience goals.

Further information on the Homeowner Assistance Program can be found in the Mitigation action plan at rebuild.nc.gov/about/plans-policies-reports/action-plans

7.5 Housing Counseling Fund

Housing Counseling is intended to provide independent, expert advice customized to the need of the beneficiary of service from this program to address that beneficiary's housing barriers and to help achieve their housing goals. Housing counseling includes intake, financial and housing affordability analysis, the development of an action plan for the beneficiary, and follow-up. After SAPA 6, Housing Counseling will be funded through the CDBG-MIT grant in order to coordinate efforts with that grant's Affordable Housing Development and Homeownership Assistance programs and to better align with NCORR's long-term mitigation and resilience goals.

Further information on Housing Counseling can be found in the Mitigation action plan at rebuild.nc.gov/about/plans-policies-reports/action-plans

This page intentionally left blank.

8.0 Amendments to the Action Plan

NCORR identifies the following criteria which constitute a substantial amendment:

- A change in program benefit or eligibility criteria.
- The addition or deletion of an activity.
- An allocation or reallocation of \$15 million or more.

Substantial Action Plan amendments will be provided for public comment for no less than 30 days, and can be found online at <https://www.rebuild.nc.gov/action-plans>. NCORR will notify HUD, but is not required to seek public comment, when it makes a plan amendment that is not substantial. HUD must be notified at least five business days before the amendment becomes effective. However, every amendment to the action plan (substantial and non-substantial) will be numbered sequentially and posted on the ReBuild NC website above.

This page intentionally left blank.

9.0 Schedule of Expenditures and Outcomes

NCORR maintains a schedule of expenditures and outcomes, periodically updated in accordance with its mandatory reporting to HUD. The schedule of expenditures and outcomes is located at <https://www.rebuild.nc.gov/reporting-and-compliance/reporting>.

In accordance with the Notice, all funds will be expended within six years of HUD's initial grant agreement.

This page intentionally left blank.

10.0 Community Participation and Public Comment

NCORR values the input of its many impacted citizens and the decision makers and stakeholders that represent the vulnerable communities impacted by Hurricane Florence. To meet the public participation requirements of the Notice, NCORR commits to the following process for citizen complaints, appeals, and the public notice period.

NCORR will follow its Citizen Participation Plan specific to CDBG-DR funds, available at <https://www.rebuild.nc.gov/reporting-and-compliance/action-plans>.

10.1 Individuals with Limited English Proficiency (LEP)

Based on LEP data within the impacted areas collected by the State, both the instructions for commenting on, and access to, the Action Plan will be translated into Spanish. The State will translate and consider comments submitted in any other language within the public comment period timeframe.

NCORR provides both oral interpretation and written translation services to persons at no cost and these services are available upon request. Meaningful and equal access to federally funded programs and activities is required by Title VI of the Civil Rights Act of 1964.

10.2 Persons with Disabilities

As noted above, hard copies of Action Plans will be available in large print format (18pt font size). The online materials will also be accessible for the visually impaired. NCORR will ensure that all print, verbal, or electronic communications with the public regarding distribution of CDBG-DR funding and actionable information are simultaneously communicated to persons with disabilities and others with access and functional needs via qualified channels (i.e. ASL interpreters, open captions, Braille, large, high contrast print, formats accessible to screen readers, podcasts etc.) in an equitable, timely, and efficient manner. Information will be presented in an understandable manner, using plain language and identifying whom to contact for clarification or additional information. For more information on how people with disabilities can access and comment on the Action Plan, dial (800) 735-2962.

10.3 Public Notice, Comment Period, and Website

A comment period of at least thirty (30) days, as required by HUD, shall be provided for citizens, affected local governments, and other interested parties to comment on the initial draft and subsequent substantial amendments to the Action Plan.

In accordance with CDBG-DR requirements, NCORR has developed and will maintain a comprehensive website regarding all disaster recovery activities assisted with these funds. NCORR will post all Action Plans and amendments on the NCORR's CDBG-DR website at <http://www.rebuild.nc.gov/action-plans>.

The website includes:

- The Action Plan and all amendments.
- The current approved Disaster Recovery Grant Reporting System (DRGR) Action Plan.
- Citizen participation requirements.
- Procurement policies and procedures. NCORR will follow all guidelines contained within the North Carolina Procurement Manual. Note that per 2 CFR § 200.317, Subrecipients utilizing Program funds must follow all procurement guidelines contained in 2 CFR §§ 200.318-327.
- Current procurements for goods and services.
- Current contract agreements.
- A summary of all procurements.

The website gives citizens an opportunity to read the plan and to submit comments. This website is featured prominently on, and is easily navigable from, NCORR's homepage. Paper copies of the Action Plan Amendment will be available in both English (including large, 18pt type) and Spanish as needed.

After the conclusion of the required comment period, all comments are reviewed and the State provides responses to the comments. The State's consideration on all public comments can be reviewed in Appendix A of the final Action Plan.

10.3.1 Contact Information

Interested parties may make comments or request information regarding the Action Plan by mail, telephone, facsimile transmission, or email to NCORR.

Comments and complaints may be submitted as follows:

- Written comments may be mailed to:
North Carolina Office of Recovery and Resiliency (NCORR)

Durham, NC 27709

- Email comments: NCORR.PublicComments@ncdps.gov
Please include "CDBG-DR Florence" in the subject line.
- By telephone for those hearing impaired: (984) 833-5350, TDD (800) 735-2962
- By Fax transmission: (919) 405-7392

NCORR will post this and all Action Plans and amendments on the State's CDBG-DR website at <https://www.rebuild.nc.gov/action-plans> to give citizens an opportunity to read the plan and to submit comment(s).

At the conclusion of the public comment period, all comments will be reviewed and the State will provide responses to the comments. Following submittal by NCORR of the Action Plan to HUD, HUD has a review period to consider and approve the Action Plan.

This page intentionally left blank.

Appendix D: Methodology & Detailed Data to Identify State Defined MID Areas

Based on data as of May 2020 the State conducted an analysis of damage to counties that were impacted by both hurricane Matthew and Hurricane Florence in consideration of the unique recovery needs created by the large area of the State that was impacted by both hurricanes. Aligning with the allocation methodology outlined in Appendix A for both 82 FR 5591 (Hurricane Matthew) and 85 FR 4681 (Hurricane Florence), the State calculated an estimated housing unmet need for each county, for each hurricane. This analysis used the Major-Low, Major-High, and Severe damage categories for both hurricanes and multiplied those damage categories by the repair estimation factors included in Appendix A for each respective notice. The threshold to be considered a State Defined MID is greater than \$10 million in combined unmet need at the county level. Table 4 in the Housing Impact and Unmet Needs Assessment combines the data below to create the State and HUD Defined MID areas.

Table 3 - Estimated Unmet Housing Need, State Identified and HUD Identified MID Areas, Matthew Data (May 2020)

County	Hurricane Matthew		
	Major-Low	Major-High	Severe
Robeson (County)	\$ 76,874,000	\$ 35,179,760	\$ 6,365,751
Craven (County)	\$ 2,223,855	\$ 822,384	\$ -
Pender (County)	\$ 2,718,045	\$ 3,380,912	\$ 2,201,241
Cumberland (County)	\$ 33,357,825	\$ 20,742,352	\$ 6,246,765
Duplin (County)	\$ 3,376,965	\$ 1,279,264	\$ 297,465
Wayne (County)	\$ 28,635,565	\$ 14,346,032	\$ 3,510,087
Columbus (County)	\$ 13,782,410	\$ 6,533,384	\$ 1,070,874
Onslow (County)	\$ 164,730	\$ 91,376	\$ 59,493
Carteret (County)	\$ 54,910	\$ 45,688	\$ 59,493
New Hanover (County)	\$ -	\$ -	\$ -
Edgecombe (County)	\$ 19,987,240	\$ 15,122,728	\$ 6,901,188
Brunswick (County)	\$ 1,070,745	\$ -	\$ 178,479
Lenoir (County)	\$ 15,759,170	\$ 6,533,384	\$ 1,011,381
Jones (County)	\$ 741,285	\$ 319,816	\$ 59,493
Bladen (County)	\$ 5,765,550	\$ 2,147,336	\$ 773,409
Pamlico (County)	\$ -	\$ -	\$ -

County	Hurricane Matthew		
	Major-Low	Major-High	Severe
Beaufort (County)	\$ 2,553,315	\$ 685,320	\$ 59,493
Sampson (County)	\$ 5,655,730	\$ 1,918,896	\$ 713,916
Scotland (County)	\$ 247,095	\$ -	\$ -
Pitt (County)	\$ 9,389,610	\$ 3,426,600	\$ 535,437
Harnett (County)	\$ 4,035,885	\$ 1,507,704	\$ 178,479
Dare (County)	\$ 6,616,655	\$ 3,974,856	\$ 297,465
Johnston (County)	\$ 5,463,545	\$ 3,380,912	\$ 1,130,367

Table 4 - Table 5 - Estimated Unmet Housing Need, State Identified and HUD Identified MID Areas, Florence Data (May 2020)

County	Hurricane Florence		
	Major-Low	Major-High	Severe
Robeson (County)	\$ 63,040,160	\$ 13,359,500	\$ 2,488,288
Craven (County)	\$ 72,534,160	\$ 70,562,450	\$ 15,085,246
Pender (County)	\$ 24,038,808	\$ 34,613,250	\$ 34,836,032
Cumberland (County)	\$ 17,317,056	\$ 5,951,050	\$ 5,132,094
Duplin (County)	\$ 12,228,272	\$ 28,540,750	\$ 21,150,448
Wayne (County)	\$ 8,848,408	\$ 1,214,500	\$ 311,036
Columbus (County)	\$ 22,671,672	\$ 10,748,325	\$ 1,943,975
Onslow (County)	\$ 29,773,184	\$ 19,614,175	\$ 5,132,094
Carteret (County)	\$ 35,545,536	\$ 14,574,000	\$ 3,732,432
New Hanover (County)	\$ 35,621,488	\$ 12,812,975	\$ 1,788,457
Edgecombe (County)	\$ -	\$ -	\$ -
Brunswick (County)	\$ 20,165,256	\$ 10,383,975	\$ 4,354,504
Lenoir (County)	\$ 5,392,592	\$ 1,639,575	\$ 155,518
Jones (County)	\$ 12,304,224	\$ 10,141,075	\$ 6,920,551
Bladen (County)	\$ 14,316,952	\$ 4,372,200	\$ 1,632,939
Pamlico (County)	\$ 18,950,024	\$ 5,465,250	\$ 1,555,180
Beaufort (County)	\$ 13,785,288	\$ 4,493,650	\$ 155,518
Sampson (County)	\$ 4,671,048	\$ 2,368,275	\$ 1,866,216

Scotland (County)	\$ 10,253,520	\$ 4,615,100	\$ 855,349
Pitt (County)	\$ 987,376	\$ 303,625	\$ -
Harnett (County)	\$ 4,177,360	\$ 1,153,775	\$ 1,088,626
Dare (County)	\$ -	\$ -	\$ -
Johnston (County)	\$ 683,568	\$ 60,725	\$ 77,759