NCORR

NORTH CAROLINA OFFICE OF RECOVERY AND RESILIENCY

NORTH CAROLINA DEPARTMENT OF PUBLIC SAFETY

OFFICE OF RECOVERY AND RESILIENCY

Substantial Action Plan Amendment 10
December 9, 2022

# Hurricane Matthew CDBG-DR Action Plan

## State of North Carolina

For U.S. Department of Housing and Development CDBG-DR Funds.

(Public Laws 114-254 and 115-31)

N★C DPS

# Revision History

| Version | Date | Description |
|---|---|---|
| 1.0 | April 21, 2017 | Initial Action Plan Submitted |
| 2.0 | November 7, 2017 | Substantial Amendment 1 |
| 3.0 | April 9, 2018 | Non-substantial Amendment 2 Clarification of Method of Distribution |
| 4.0 | December 16, 2018 | Substantial Amendment 3 – Method of Distribution and Program Caps |
| 5.0 | March 12, 2019 | Non-substantial Amendment 4 – Amended method of determining construction intent (rehabilitation vs. reconstruction) and amended method of determining elevation assistance. |
| 6.0 | November 22, 2019 | Substantial Amendment 5 —NCORR designated as grantee, federal and local policy and programmatic changes such as incorporation of DOB policy changes, award cap changes to reconstruction, eligibility threshold changes for TRA, updates to MID areas from HUD guidance, emergency repairs defined, and reallocation of grant funds. |
| 7.0 | June 9, 2020 | Substantial Amendment 6 – Changes in programs and Action Plan to align Hurricane Matthew recovery with Hurricane Florence recovery. |
| 8.0 | January 11, 2021 | Substantial Amendment 7 – Allocation changes, changes to some program definitions, changes to the substantial action plan amendment criteria. |
| 9.0 | April 20, 2021 | Non-substantial Amendment 8 – Allocation changes. |
| 10.0 | January 18, 2022 | Substantial Amendment 9 – Reallocation of the small rental recovery program, infrastructure and homeowner recovery allocation changes, |
| 11.0 | December 9, 2022 | Substantial Amendment 10 – Allocation changes, changes to program descriptions, updates to program timelines. |

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# 1.0 Summary of Action Plan Changes – Amendment 10

## 1.1 Unmet Need Assessment

The State conducted a reanalysis of unmet need specifically related to owner-occupied housing, rental housing, and infrastructure based on the most recent disaster recovery data sets. The methodology used to complete the reanalysis aligns closely to HUD's own standard approaches to analyzing unmet need, with a slight modification to the previous methodology. The revised methodology for the reanalysis accounts for additional and more finalized disaster recovery data sets that were not available when previous unmet need estimates were calculated.

See revisions to the following sections for further discussion of the unmet need reanalysis conducted by the State:

- Section 3.0: Impact and Unmet Needs Assessment
- Section 3.1.1: Housing Summary
- Section 3.1.9: Housing Unmet Need Assessment
- Appendix C: Methodology & Assumptions for Estimating Housing Unmet Need
- Section 3.4.7: Infrastructure Unmet Need Assessment

For reference, certain detailed data or previous assessments related to unmet needs have been moved to appendices:

- Appendix B: Methodology & Detailed Data to Identify State Defined MID Areas
- Appendix D: September 2017 Housing Unmet Need Assessment
- Appendix E: October 2017 Infrastructure Unmet Need Assessment

## 1.2 Homeowner Recovery Program

A total of $42.8 million is reallocated to the Homeowner Recovery Program to account for increases in construction costs and to meet the demand for assistance from this program. This reallocation is part of an overall allocation strategy across all action plans. Interested individuals are encouraged to read all of the substantial action plan amendments to better understand the entire reallocation strategy. Several other program changes have been made, including an adjustment to the rehabilitation cap and clarification of the elevation criteria. These changes are stated in Section 8.1.

## 1.3 Multi-Family Rental Housing Program

The Multi-Family Rental Housing Program allocation has decreased by $11.5 million to reallocate more funding to the ongoing recovery efforts of the Homeowner Recovery Program. The reallocation is also in consideration of the amount of funding dedicated to multi-family housing support and other affordable housing programs across both the Matthew and Florence CDBG-DR grants. Information on the reallocation is found at Section 6.2.

This Action Plan Amendment clarifies: (1) one for one replacement will be for demolished units; (2) the Cumberland County project is not managed/overseen by NCHFA and clarifies the previous allocation increases were made under Action Plan Substantial Amendment 8; (3) local government entities can be considered in addition to developers as eligible applicants; and (4) Projected End Date has been revised to Q4 2023 based on current projects and revised estimates of project completions. Details on specific program changes are found at Section 8.2.

## 1.4 Public Housing Restoration Fund

The $13.4 million previously allocated to the Public Housing Restoration Fund has been reallocated to the CDBG-MIT Action Plan. This reallocation further strengthens the ongoing recovery efforts of the Homeowner Recovery Program. The reallocation is also in consideration of a realignment of longer-term resilience and mitigation activities, such as those in the Public Housing Restoration Fund, with the objectives of the CDBG-MIT program. Information on the reallocation is found at Section 6.2.

## 1.5 Infrastructure Recovery

In consideration of the significant housing recovery need, the funds previously allocated for Infrastructure Recovery have been reallocated to meet the housing recovery need. In consideration of all the funding sources available, NCORR believes that Infrastructure Recovery best fits the mission of the CDBG-MIT grant. Information on the reallocation can be found at Section 6.2.

## 1.6 Allocation Changes

The allocations for several CDBG-DR programs have been adjusted. Table 21 includes a breakdown of the allocations and a comparison to the allocation in the previous Action Plan Amendment. A description and rationale for the changes is included at Section 6.2. Reference Appendix F for an analysis of estimated unmet need across CDBG funding sources to inform State allocation changes.

| Activity | PREVIOUS APA 9 Allocation | CURRENT SAPA 10 Allocation | CURRENT SAPA 10 LMI Allocation | CURRENT SAPA 10 MID Allocation |
|---|---|---|---|---|
| Administration | $11,826,450 | $11,826,450 | $0 | $9,461,160 |
| Planning | $3,180,000 | $3,180,000 | $0 | $2,544,000 |
| Homeowner Recovery Program | $154,619,937 | $197,506,532 | $142,904,282 | $158,005,226 |
| Multi-Family | $30,995,707 | $19,516,018 | $19,516,018 | $19,516,018 |
| Public Housing Restoration | $13,406,906 | $0 | $0 | $0 |
| Small Business Recovery | $4,500,000 | $4,500,000 | $3,150,000 | $3,600,000 |
| Infrastructure Recovery | $18,000,000 | $0 | $0 | $0 |
| **TOTAL** | **$236,529,000** | **$236,529,000** | **$165,570,300** | **$193,126,404** |
| **% OF TOTAL ALLOCATION** | **100%** | **100%** | **70%** | **82%** |

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# 2.0 Introduction

Hurricane Matthew began as a Category 5 storm in the Caribbean, before hitting the coast of North Carolina (the State) on October 8, 2016. Fifty counties in North Carolina were declared federal disaster areas with historic communities in eastern North Carolina like Princeville, Kinston, Lumberton, Goldsboro, Fayetteville, and Fair Bluff experiencing catastrophic damages. Matthew lingered along the North Carolina coast for several days, causing rivers and their tributaries to swell and ultimately overflow into adjacent communities. Over a three-day period, central and eastern parts of North Carolina were inundated with rain, and 17 counties set new records for rain and flooding. Five river systems, the Tar, Cape Fear, Cashie, Lumber, and Neuse Rivers, flooded, remaining at flood levels for two weeks.

After Matthew passed, the State assessed the damage and documented that Matthew's impact was devastating, significantly impacting residents in eastern and central North Carolina and causing catastrophic losses in the housing, business, public infrastructure, and agricultural sectors. More than 800,000 families lost power from Matthew, resulting in millions of dollars in food cost losses for families whose food needed to be frozen or refrigerated. In total, 3,744 individuals needed to be moved to shelters, and 77,607 households applied for Federal Emergency Management Agency (FEMA) emergency assistance.

When FEMA completed its analysis of impacts to housing stock, 34,284 households had evidence of flood damage and nearly 5,000 homes had major to severe damage, many of which were located in rural communities, where not only the home but also the farm and livestock were impacted and/or lost. The State estimated that more than 300,000 businesses experienced physical and/or economic impacts from the storm, including many small "mom and pop" businesses located in small rural communities. Matthew's impact on the agricultural industry was particularly hard hit, as the industry has a significant presence in driving the local economy in eastern North Carolina, where the State is among leaders in the nation in livestock and crop production. North Carolina's farms, including many small multi-generational family farms, along with the firms that provide materials needed to grow livestock and produce crops and food producers that take these products to market, lost tremendous amounts of inventory, livestock, and crops, with millions of dollars of the losses not covered by United States Department of Agriculture (USDA) programs. The impact to communities was also catastrophic, with public buildings, parks, schools, roads, water and wastewater systems, and other public infrastructure heavily impacted. Portions of the interstate system closed in some cases for up to 10 days. In total, the State estimated that Matthew's total economic impact was roughly $2 billion.

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# 3.0 Impact and Unmet Needs Assessment

The Impact and Unmet Needs Assessment within this Action Plan represents the third analysis of unmet needs in the State of North Carolina following Hurricane Matthew. It presents damage estimates as of October 15, 2017, roughly one year after the flooding occurred. Under Substantial Amendment 10, the State used most recent State damage inspection data, Small Business Administration (SBA), Federal Emergency Management Agency (FEMA) and National Flood Insurance Program (NFIP) data to reevaluate unmet needs specifically related to owner-occupied housing, rental housing, and infrastructure.

Reanalysis of the owner-occupied and rental housing unmet need under Substantial Amendment 10 indicates that the housing unmet need remains largely unchanged when compared to initial housing unmet need estimates. Through reanalysis of the infrastructure unmet need under Substantial Amendment 10, the State found that the infrastructure unmet need has decreased significantly when compared to the initial infrastructure unmet need estimates. The reanalysis highlights that additional Federal Obligations have been made through the FEMA Public Assistance (PA) program to address infrastructure unmet need since the initial estimates were calculated in October 2017. Additionally, a considerable amount of funding from the State has been awarded and spent to address the match for federal disaster programs related to infrastructure recovery.

Based on the revaluation, North Carolina's current unmet recovery needs for Hurricane Matthew total $777,374,146 summarized in Table 1.

**Table 1: Hurricane Matthew Unmet Needs Summary**

| Category | Estimated Unmet Need | Percent of CDBG Total Unmet Need |
|---|---:|---:|
| Owner-Occupied & Rental Housing | $428,276,828 | 55% |
| Economic (Small Business) | $263,435,519 | 34% |
| **Total Unmet Need for CDBG-DR Activities** | **$691,712,347** | **89%** |
| Public Housing | $15,200,000 | 2% |
| Infrastructure | $70,461,799 | 9% |
| **Total Unmet Need for CDBG-MIT Activities** | **$85,661,799** | **11%** |
| **Grand Total Unmet Need for CDBG Activities** | **$777,374,146** | **100%** |

Under Substantial Amendment 10, funding allocated to CDBG-DR activities will address owner-occupied housing, rental housing and economic (small business) unmet need, representing 89% of the total unmet recovery needs. The State has also identified an additional need for public services to support recovery efforts, with an estimated need of $36,248,561 outlined in Section 3.1.9.3.

Public Housing and Infrastructure represent 11% of the total unmet recovery need ($85,661,799). In consideration of the significant owner-occupied housing, rental housing and economic recovery need, funding allocations for public housing and infrastructure are being reallocated to the State's CDBG-MIT program under Substantial Amendment 10. Refer to the State's Mitigation Action Plan for more details on these activities and any additional unmet needs analyses.

The decrease noted in infrastructure unmet need further supports the State's decision to focus CDBG-DR funding on the significant unmet need that remains for owner-occupied housing, rental housing, and economic recovery.

Since the publication of the State's initial Unmet Needs Assessment in the Spring of 2017 and subsequent amendments, the State has focused recovery actions in four areas:

1. Designing housing programs focused on the findings of the State's ongoing Unmet Needs Assessments and centered around the needs of low to moderate income persons and housing recovery in the most impacted communities and counties;
2. Completing the State's 50 county planning process to determine how to best align and structure the Community Recovery Program/Infrastructure Recovery Program with information and projects developed through this bottom-up community planning process;
3. Working with FEMA to ensure that damages to public infrastructure were captured; and
4. Working to confirm that the Matthew impacts to small businesses and the agricultural sector are being addressed through state, local, and other funding and activities outside of CDBG-DR.

As a result, the current reevaluation of unmet needs has validated that the State's prior Unmet Needs Assessment remains valid as housing recovery remains a significant unmet need. The public infrastructure and facilities focus of the Unmet Needs Assessment has been updated to reflect the increase in FEMA Public Assistance obligations that are in line with initial estimates and projections. In the Economic Recovery section, as shown by previous SBA data analysis, it remains possible that small businesses and agricultural enterprises in eastern and central North Carolina may continue to need assistance.

The analysis presented in the initial Unmet Needs Assessment, particularly for housing and vulnerable populations in most impacted communities, remains particularly relevant and is included in this revised analysis as it is unchanged and is a key component for the overall program design.

As part of this Action Plan Amendment, the State of North Carolina has made it a priority to focus on continuing to assist low- and moderate-income families who experienced severe flooding and saw their homes and communities impacted by Matthew. Therefore, the funding priorities in this Action Plan Amendment emphasize housing and supportive public service needs with the majority of this allocation going to housing recovery and housing assistance programs. The State understands that community health is not just about rebuilding homes but restoring the basic fabric of neighborhoods and ensuring future economic health. Therefore, the State is also providing funding to assist small businesses and farmers struggling to get back on their feet and ensuring that, as the planning process is complete, projects to rebuild and make more resilient communities can occur.

### 3.0.1 Amendment 10 Update

See Section 3.0 for revised Impact and Unmet Needs Assessment including revaluation of Housing Unmet Need and Infrastructure Unmet Need based on the most recent disaster recovery data sets.

## 3.1 Housing

### 3.1.1 Summary

As part of the Substantial Action Plan Amendment 10 process, the State reanalyzed unmet needs related to owner-occupied and rental housing. This revised Housing Unmet Needs Assessment updates the previous analysis conducted by the State in the initial Action Plan and previous Substantial Action Plan Amendments. The State's revised Housing Unmet Needs Assessment is based on the most recent disaster recovery data sets, applying the methodology and assumptions outlined in Appendix C.

Based on the most recent data sources consistent with HUD methodology for estimating housing unmet need for owner-occupied and rental housing, the State observed the housing unmet need remains largely unchanged, showing only a slight 1.33 percent decrease. The reanalysis outlined in this section of the Action Plan Amendment revalidates the State's plan to allocate most of the CDBG-DR funding to address continuing housing unmet needs.

It is important to note that previous analyses related to housing unmet need point to a large unmet need for homeowners who wish to sell their homes and relocate to higher and safer ground, and additional damages and unmet need for Public Housing Authorities in storm impacted counties. Substantial Amendment 10 and previous amendments outline that funding related to Strategic Home Buyout and the Public Housing Restoration Fund activities have been reallocated from CDBG-DR to CDBG-MIT. Refer to the State's Mitigation Action Plan for more details on these activities and any additional unmet needs analyses.

#### 3.1.1.1 Amendment 10 Update

See Section 3.1.1 for revised Summary including revaluation of Housing Unmet Need based on the most recent disaster recovery data sets.

### 3.1.2 Analysis

This housing Impact and Unmet Needs Assessment relies heavily on the work that was conducted in the original Action Plan and subsequent Substantial Action Plan Amendments.

Hurricane Matthew inflicted devastating damage to families throughout North Carolina's eastern and central parts. The swelling of the Tar, Neuse, and Lumber Rivers caused rainwater to overflow into neighboring towns, inundating business districts and homes with floodwaters. In total, almost 35,000 homes were damaged in the storm, and the homes of roughly 5,000 families were damaged so extensively as to make them unlivable.

North Carolina's number one priority is to allow families to return to their homes and to ensure those homes are in safe and sanitary conditions. For this reason, the Unmet Needs Assessment focuses on housing recovery programs and supportive services for families and persons in need. Additionally, this analysis was completed with an understanding of where homes experienced the greatest damage and the capacity of those families to recover from the disaster.

The analysis and resulting recovery programs also account for long-term sustainability, with a priority placed on the homeowner and renter finding safe and suitable housing rather than simply rebuilding a damaged unit. Therefore, North Carolina will conduct an analysis when rebuilding a severely damaged home versus constructing a new home in an area safe from repetitive flood loss, which will consider the cost of repairing versus replacement and estimated long-term losses due to repeat flood events.

The State began the process of assessing housing impact and housing unmet need by analyzing the prior Unmet Needs Assessment, which included who applied for FEMA assistance, the first step most flood victims take immediately after a disaster. This information is combined with the State's own damage assessments, SBA's loan application information and NFIP data sets. From this data, the State generated a detailed understanding of housing damages and recovery needs and compared the original analysis with updated data from FEMA, SBA and NFIP. Specifically, the State was able to estimate the following:

- What counties, towns, and neighborhoods experienced the greatest damage;
- The types of units that were damaged (rental versus homeowner and the structure);
- The incomes of the impacted homeowner or renter, and, combined with household size, the income classification of these impacted individuals/families;
- How many homeowners and renters were impacted, categorized by severity of damage;
- An estimate of housing recovery needs (in dollars); and
- In combination with other data, what impacted neighborhoods have a high concentration of vulnerable populations and/or additional needs.

The following is a summary of this housing impact and housing unmet needs analysis, which North Carolina will continue to build upon as the State captures more information from our community engagement meetings and outreach efforts at the county and local level.

### 3.1.3 Severely Impacted Communities

Hurricane Matthew concentrated its damage within specific areas, in particular riverine communities already grappling with a heavy rain season. There are six towns we consider "severely impacted," where more than 100 homes experienced major to severe damage. These communities are predominantly low- and moderate-income (LMI) and have a higher concentration of African American, Native American, and Hispanic residents.

**Princeville –** 367 homes had major to severe damage: The Town of Princeville, with a population of 2,373, is located in Edgecombe County along the Tar River just south of Tarboro. It is a largely African American community (96 percent of its residents are African American) and is reportedly the oldest community settled by freed slaves in the US. It is also located in a floodplain that has experienced frequent and substantial flooding over the years. The community is a low-income community, with the median household income of $33,011. In addition to flooded homes, the school and fire station were reported as flooded.

**Kinston –** 181 homes had major to severe damage: The town of Kinston, with a population of 21,589, is located in Lenoir County along the Neuse River. The community is predominantly African American (67 percent), and most of its residents are low-income, with the median household income of $28,608. The town experienced substantial damage to its main business district, flooding many small businesses serving the community.

**Lumberton –** 876 homes had major to severe damage: The city of Lumberton, with a population of 21,707, is located in Robeson County along the Lumber River. A racially and culturally diverse county, where 33.8 percent of the population is African-American, 12.4 percent Native American (the Lumbee Tribe), and 11 percent Hispanic/Latino. Most of its families are LMI, with a median household income of $31,899. The community experienced substantial flooding after Hurricane Matthew, particularly along Fifth Street, its main commercial corridor, and among its public housing residents, where almost 500 very low-income renters lost their homes.

**Goldsboro –** 251 homes had major to severe damage: The town of Goldsboro, with a population of 35,086, is located in Wayne County along the Neuse River. It is a diverse, LMI community, where roughly 53 percent of the population is African American, and the median income is $29,456. It is also an agricultural community, where substantial livestock was lost.

**Fayetteville –** 452 homes had major to severe damage: Fayetteville, located on the Cape Fear River in Cumberland County, is a densely populated city of 200,000. It is a middle-income community, with a median household income of $44,514, and is racially diverse, where 41 percent of the population is African American, and 10 percent are Hispanic. The flooding in Fayetteville was concentrated in the downtown area and in subdivisions near the Little River tributary, where flooding was so severe many residents had to be rescued to evacuate.

**Fair Bluff –** 109 homes had major to severe damage: Fair Bluff is a small town located along the Lumber River in Columbus County. Given its small population of 1,181 households, it was devastated by Hurricane Matthew, where approximately 25 percent of all families were severely impacted. The community is racially diverse, with 38 percent of the population white and 60 percent African American, and the majority of families are very low-income, with the median household income at $17,008. Fair Bluff's main commercial district was particularly impacted by the floodwaters.

### 3.1.4 Most Impacted and Distressed (MID) Areas Identified by the State

Based on data as of May 2020, NCORR 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. The threshold to be considered a State Defined MID areas is greater than $10 million in combined estimated housing unmet need at county level for both hurricanes.

The result is the addition of seven counties which are considered the State Defined MID areas. These counties are Beaufort, Dare, Harnett, Johnston, Lenoir, Pitt, and Sampson and are in **bold** font in Table 2 below. The map of state-identified MID areas is located at Section 6.5.

See Appendix B for the Methodology & Detailed Data to Identify State Defined MID Areas for Hurricane Matthew and Hurricane Florence.

**Table 2 – Estimated Combined Housing Unmet Need, State and HUD Defined MID Areas**

| County | Estimated Combined Housing Unmet Need | MID Area |
|---|---|---|
| Robeson (County) | $ 197,307,459 | Matthew, Florence |
| Craven (County) | $ 161,228,095 | Florence |
| Pender (County) | $ 101,788,288 | Florence |
| Cumberland (County) | $ 88,747,142 | Matthew, Florence (Zip Code 28390) |
| Duplin (County) | $ 66,873,164 | Florence |
| Wayne (County) | $ 56,865,628 | Matthew |
| Columbus (County) | $ 56,750,640 | Matthew, Florence |
| Onslow (County) | $ 54,835,052 | Florence |
| Carteret (County) | $ 54,012,059 | Florence |
| New Hanover (County) | $ 50,222,920 | Florence |
| Edgecombe (County) | $ 42,011,156 | Matthew |
| Brunswick (County) | $ 36,152,959 | Florence |
| **Lenoir (County)** | **$ 30,491,620** | **State Defined** |
| Jones (County) | $ 30,486,444 | Florence |

| County | Estimated Combined Housing Unmet Need | MID Area |
|---|---|---|
| Bladen (County) | $ 29,008,386 | Matthew, Florence (Zip Code 28433) |
| Pamlico (County) | $ 25,970,454 | Florence (Zip Code 28571) |
| **Beaufort (County)** | **$ 21,732,584** | **State Defined** |
| **Sampson (County)** | **$ 17,194,081** | **State Defined** |
| Scotland (County) | $ 15,971,064 | Florence (Zip Code 28352) |
| **Pitt (County)** | **$ 14,642,648** | **State Defined** |
| **Harnett (County)** | **$ 12,141,829** | **State Defined** |
| **Dare (County)** | **$ 10,888,976** | **State Defined** |
| **Johnston (County)** | **$ 10,796,876** | **State Defined** |

#### 3.1.4.1 Amendment 10 Update

Reference Appendix B for the Methodology & Detailed Data to Identify State Defined MID Areas.

### 3.1.5 Where did most of the damage occur?

Hurricane Matthew impacted 50 counties in North Carolina, largely along the eastern and central regions and along major rivers and tributaries. As previously noted, almost 35,000 families experienced some degree of damage to their homes, but the majority of damage was minor.

Unfortunately, families whose homes received major to severe damage have a far greater challenge in recovering, particularly when their homes are rendered uninhabitable due to mold, insulation issues, unstable foundations, leaky roofs, and lack of heat or plumbing due to flood damage of pipes and HVAC systems. These families either remain in their damaged homes, living in unsafe conditions because they are unable to find alternative housing they can afford, or they are displaced from their homes. The families with limited resources – low and moderate-income families who have limited savings or disposable income – are the families with the greatest needs. These homes are the focus of this impact assessment.[1]

To determine which counties, towns and neighborhoods experienced major damage, the State mapped the FEMA applications by the address of the damaged unit and then associated that “point” with the neighborhood[2], town, and county the home falls within.

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[1] Major and Severe Damage is defined using United States (US) Department of Housing and Urban Development’s (HUD’s) definition within FR-6012-N-01, where an owner-occupied home is considered majorly or severely damaged if it incurs at least $8,000 in real property loss according to FEMA Individual Assistance inspections. Similarly, a renter-occupied home is considered majorly or severely damaged if it incurs at least $2,000 in personal property loss.

[2] For this analysis, a neighborhood is defined as a Census Tract, which is a geographic area defined by the US Census that on average contains 2,000 to 4,000 residents.

Based on this analysis, major housing damage happened in very specific areas, as follows:

- 64 percent of major to severe damage is concentrated in the "most impacted" four counties.
- 52 percent of major to severe damage is concentrated in 13 towns.
- 41 percent of major to severe damage is concentrated in 14 neighborhoods.

So, while damage was widespread due to power outages, minor flooding, and wind damage, the serious impacts of Hurricane Matthew were felt in a specific handful of places. These counties, towns, and neighborhoods are defined in Table 3 through
Table 5.

**Table 3: Most Impacted Counties** *(updated October 17, 2019)*

| County | Owners | Renters | Total |
|---|---|---|---|
| CUMBERLAND | 408 | 447 | 855 |
| EDGECOMBE | 270 | 305 | 575 |
| ROBESON | 687 | 705 | 1,392 |
| WAYNE | 299 | 275 | 574 |
| COLUMBUS | 168 | 125 | 293 |
| BLADEN | 71 | 13 | 84 |
| **TOTAL** | **1,903** | **1,870** | **3,773** |

Note that since the initial Action Plan, Columbus and Bladen Counties have been added to the MID areas.

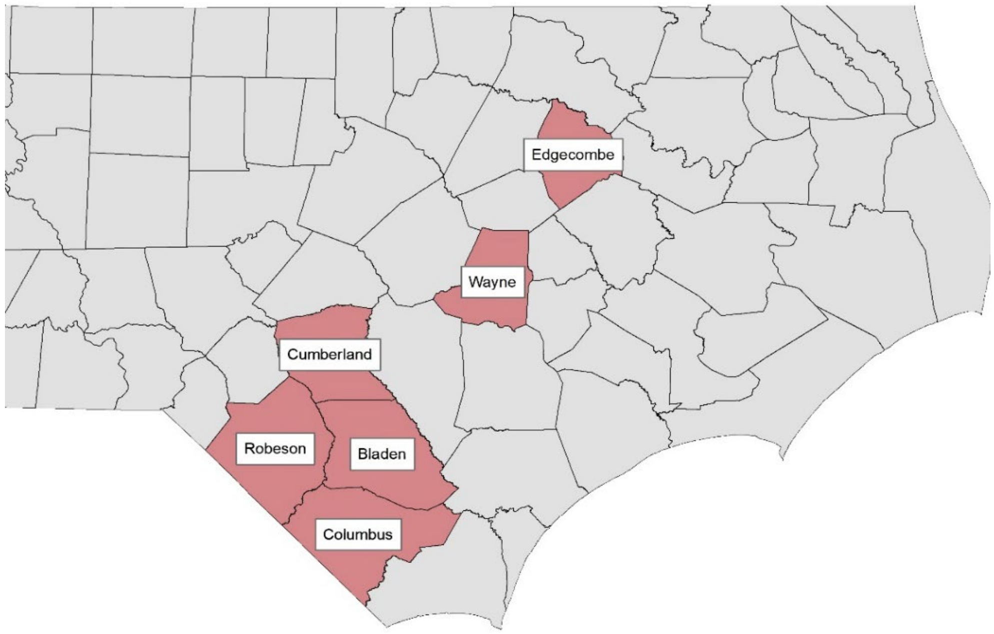
**Table 4: Towns that Experienced Major to Severe Damages from Hurricane Matthew** *(where at least 100 homes experienced major to severe damage)*

| County | Community | Damage Level | Owners | Renters | Total |
|---|---|---|---|---|---|
| COLUMBUS | Fair Bluff | Severe | 50 | 59 | 109 |
| CUMBERLAND | Fayetteville | Severe | 169 | 283 | 452 |
| EDGECOMBE | Princeville | Severe | 156 | 211 | 367 |
| LENOIR | Kinston | Severe | 49 | 132 | 181 |
| ROBESON | Lumberton | Severe | 350 | 526 | 876 |
| WAYNE | Goldsboro | Severe | 87 | 164 | 251 |
| **Total** | | | **984** | **1,570** | **2,554** |
| **As % of All Major to Severe Damage in NC** | | | **38%** | **66%** | **52%** |

**Table 5: Neighborhoods that Experienced Major to Severe Damages from Hurricane Matthew**
*(where at least 50 homes experienced major to severe damage)*

| Town | County | Neighborhood | Owner | Renter | Total |
|---|---|---|---|---|---|
| LUMBERTON | ROBESON | 37155960801 | 150 | 320 | 470 |
| PRINCEVILLE | EDGECOMBE | 37065020900 | 156 | 211 | 367 |
| LUMBERTON | ROBESON | 37155960802 | 125 | 144 | 269 |
| FAYETTEVILLE | CUMBERLAND | 37051003203 | 26 | 107 | 133 |
| FAIR BLUFF | COLUMBUS | 37047930600 | 50 | 59 | 109 |
| FAYETTEVILLE | CUMBERLAND | 37051000200 | 53 | 40 | 93 |
| Rural | WAYNE | 37191000901 | 44 | 48 | 92 |
| GOLDSBORO | WAYNE | 37191001500 | 24 | 61 | 85 |
| Rural | ROBESON | 37155961802 | 16 | 61 | 77 |
| Rural | DARE | 37055970502 | 47 | 28 | 75 |
| Rural | CUMBERLAND | 37051003001 | 52 | 16 | 68 |
| Rural | PENDER | 37141920502 | 41 | 24 | 65 |
| KINSTON | LENOIR | 37107010800 | 2 | 62 | 64 |
| Rural | ROBESON | 37155961500 | 47 | 14 | 61 |

### Figure 1: Most Impacted Counties




### Figure 2: Most Impacted Communities

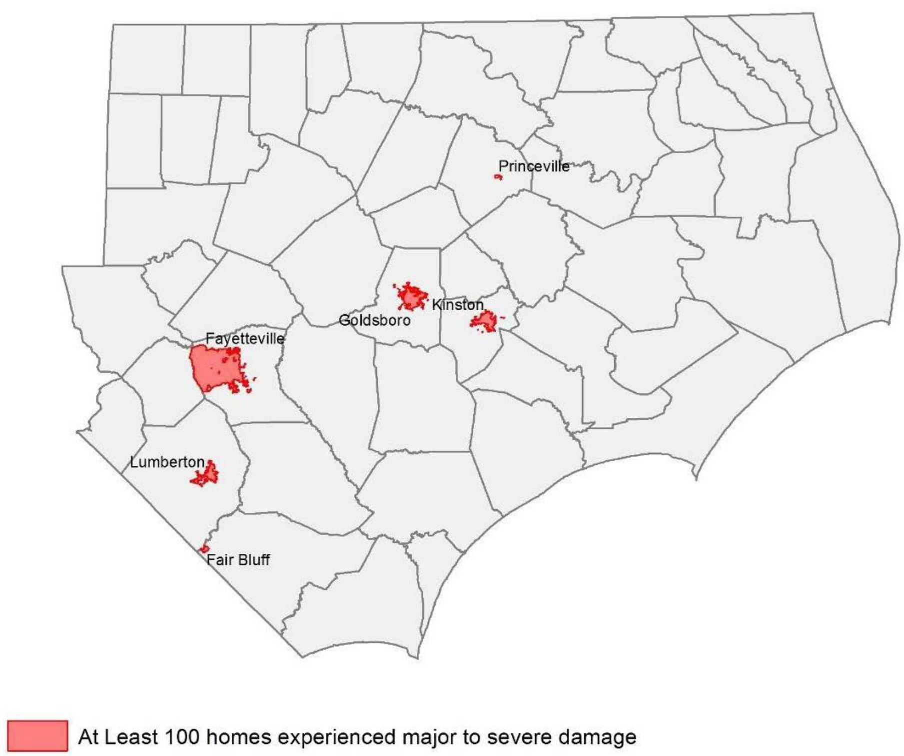
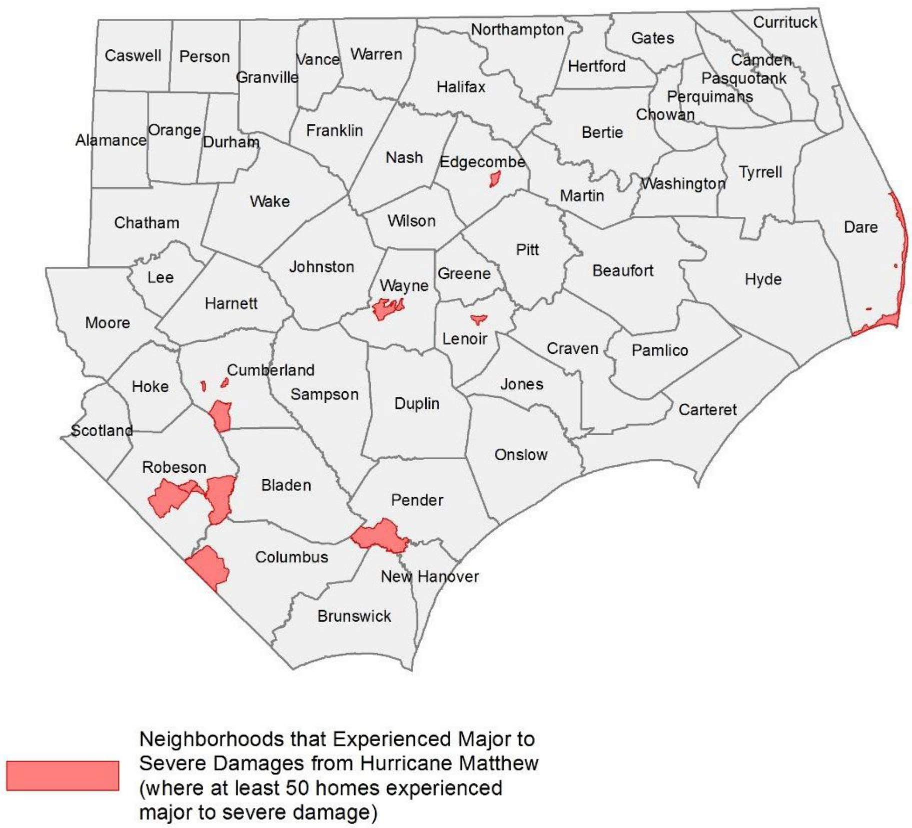


**Figure 3: Most Impacted Neighborhoods**




## 3.1.6 Impact to Owner-Occupied Housing

In total, 28,164 homeowners experienced some degree of damage to their homes; 2,569 homeowner families experienced major to severe damage. 78 percent of the total damages were to LMI owners, while 69 percent of LMI homeowners had major or severe damage.

**Table 6: Damage Counts of Owner-Occupied Homes by Damage Category and Income of Homeowner Family**

| Damage Category | All Owners | Low and Moderate Income (LMI) Owners |
|---|---|---|
| Minor-Low | 22,795 | 18,128 |
| Minor-High | 2,800 | 2,102 |
| Major-Low | 1,581 | 1,121 |
| Major-High | 830 | 550 |
| Severe | 158 | 107 |
| **Total - All Damage** | **28,164** | **22,011** |
| **Total - Major to Severe Damage** | **2,569** | **1,780** |

Source(s): FEMA IA analysis effective 9/13/17

The initial Impact Assessment examined what types of owner-occupied homes experienced major to severe damage. Approximately two thirds were single family structures, while the remaining one third were mobile homes.

**Table 7: Owner-Occupied Housing Units that Experienced Major to Severe Damage by Structure Type**

| | Count | Percent |
|---|---|---|
| Apartment | 1 | 0% |
| Boat | 1 | 0% |
| Condo / Townhouse | 8 | 0% |
| House/Duplex | 1,709 | 67% |
| Mobile Home | 831 | 32% |
| Other / (blank) | 13 | 0% |
| Travel Trailer | 6 | 0% |
| **Total** | **2,569** | **100%** |

Source(s): FEMA Individual Assistance data. Analysis effective 3/15/17

### 3.1.7 Impact to Rental Housing

Almost half of all the housing that withstood major to severe damage from Hurricane Matthew was rental housing. The storm caused severe damage or destroyed at least 2,388 occupied rental homes, with 83 percent of this damage occurring in the six most impacted counties. Lumberton experienced the greatest loss of rental housing, with 526 units impacted. This is followed by Fayetteville (283 units) and Princeville (211 units). Far more than owner-occupied homes, the vast majority (86 percent) of renters severely impacted by the storm were LMI.

**Table 8: Damage Counts of Renter-Occupied Homes by Damage Category and Income of Renter Family**

| Damage Category | All Renters | Low- and Moderate-Income Renters |
|---|---|---|
| Minor-Low | 2,632 | 1484 |
| Minor-High | 1,097 | 618 |
| Major-Low | 963 | 543 |
| Major-High | 1,244 | 701 |
| Severe | 181 | 102 |
| **Total - All Damage** | **6,117** | **3,448** |
| **Total - Major to Severe Damage** | **2,388** | **1,346** |

Source(s): FEMA Individual Assistance data. Analysis effective 9/15/17

Of the rental units, seriously damaged by Hurricane Matthew, we see approximately half were apartment buildings, while 40 percent were single family homes or duplexes. A significant number of rented mobile homes were also flooded (13 percent of all major to severe damage).

**Table 9: Rental Housing Units that Experienced Major to Severe Damage by Structure Type**

| | Count | Percent |
|---|---|---|
| Apartment | 1,084 | 45% |
| Assisted Living Facility | 4 | 0% |
| Condo | 13 | 1% |
| House/Duplex | 955 | 40% |
| Mobile Home | 308 | 13% |
| Other | 5 | 0% |
| Townhouse | 8 | 0% |
| Travel Trailer | 1 | 0% |
| Unknown | 10 | 0% |
| **Total** | **2,388** | **100%** |

Source(s): FEMA Individual Assistance data. Analysis effective 9/15/17

## 3.1.8 Impact to Public, Subsidized and Other Supportive Rental Housing

The State of North Carolina conducted outreach to housing providers in impacted areas to determine the damages, displacement, and unmet needs of subsidized and supportive rental housing. This included emails, a survey, and follow-up phone calls that took place between March 2 and March 20, 2017. NCEM contacted multiple Public Housing Authorities (PHAs), the State Housing Finance Agency, State Community Development Block Grant Disaster Recovery (CDBG-DR) Communities, and North Carolina's Department of Health and Human Services (DHHS) to quantify the disaster's results, understand how it has impacted the families served by the agencies, and determine what needs are still unmet. The following is a summary of these communications. This information will be updated as more details become available to include any data from the most impacted counties and communities.

### 3.1.8.1 Public Housing

The State contacted PHAs in the most impacted areas, including Greenville Housing Authority, Pembroke Housing Authority, Lumberton Housing Authority, the Housing Authority of the City of Rocky Mount, and Wilmington Housing Authority. Via survey, the State asked which properties/units (if any) were damaged and where they are located; how many people were displaced and if they have returned; what the overall damage cost is; whether the units have been repaired; and if any costs or repairs are remaining. Information was received from four of the five housing authorities, which showed that Wilmington incurred no damage, Greenville and

Rocky Mount received minor damage, and Lumberton experienced severe damage. Pembroke is calculating the overall costs and will provide the information when available. Each of these facilities will be eligible for FEMA Public Assistance (PA) and will have, in addition to unmet needs, a 25 percent local match requirement that will need to be met and is part of the State's unmet need.

**Table 10: Survey Results from Public Housing Authorities as of March 15, 2017**

| City/County | What are the overall damage costs? | What amount of those costs was/is/will be covered by insurance and/or other sources? | Remaining Costs | Are there repairs that still need to be made? |
|---|---|---|---|---|
| Lumberton | $8,000,000 +/- | $3,000,000 +/- | Yes | Yes, $5,200,000 |
| Greenville | ~$8,000-$10,000 | None | No | No |
| Rocky Mount, Edgecombe, Nash Counties | $6,000 | $2,020 | $3,980 | Interior water damage not covered by insurance - repairs are being completed by force labor. |
| Wilmington | 0 | | | |
| Pembroke | Unknown | | | |

Source: Survey results from PHA outreach, effective 3/10/17.

The Lumberton Housing Authority had, by far, the most extensive damage totaling an estimated $8 million, with approximately $5 million in remaining unmet need. There are currently 264 families displaced, currently living with family members or using housing vouchers, who have yet to move back into their homes as all units are still in the process of being repaired.

In addition to Lumberton, Greenville and Rocky Mount had damages with a combined total of $16,000, and Rocky Mount still has $3,980 costs remaining. In Greenville, 105 Public Housing families were displaced; however, all of the units have since been repaired, and all families have moved back.

The results of these outreach efforts to housing providers in the areas impacted by Hurricane Matthew will remain relevant as the State leverages CDBG-MIT to address remaining public housing restoration needs.

### 3.1.8.1.1 Amendment 5 Update

After the initial PHA recovery needs were addressed, additional unmet recovery needs for PHAs were identified. In addition to the ongoing need in Robeson County with the City of Lumberton, The Housing Authority of the City of Goldsboro and the Wilson Housing Authority have both identified recovery needs. NCORR reviewed these recovery needs and included them in the unmet recovery needs analysis of this Amendment and intended to fund these initiatives through the Public Housing Restoration Fund, which has been added to the Mitigation Action Plan.

The housing programs within this Action Plan Amendment aimed to address remaining unmet needs, after considering funds available from insurance and other sources, to restore public housing and return families to their homes.

#### 3.1.8.1.2 Amendment 7 Update

An additional need for funds was identified by Wilson Housing Authority during the selection process for the Whitfield Homes Expansion project. The total expected cost of that project has increased to $2,712,905. The updated public housing need is therefore $11,172,422. As public housing recovery needs change, these estimates are subject to revision.

**Table 11: PHA Recovery Needs (September 2020)**

| Area | PHA | Housing Need | # of Projects | # of Units (Minimum) | Project Name |
|---|---|---|---|---|---|
| Robeson County | Lumberton Housing Authority | $ 6,959,517 | 3 | 72 | Hilton Heights, Myers Court |
| Wayne County | Goldsboro Housing Authority | $ 1,500,000 | 1 | 48 | Park Court |
| Wilson County | Wilson Housing Authority | $ 2,712,905 | 1 | 32 | Whitfield Homes Expansion |
| Total | - | $ 11,172,422 | 5 | 152 | - |

#### 3.1.8.1.3 Amendment 8 Update

Significant construction cost overruns currently experienced by the Homeowner Recovery Program are expected to also impact public housing projects. In anticipation of potential changes in scope and project cost related to current market conditions, a funds contingency is allocated to the Public Housing Restoration activity to permit quick and decisive action on proposed project cost and scope changes without requiring an action plan amendment for every proposed change. As project costs are finalized, the Action Plan will be amended with final cost information.

### 3.1.8.2 Other Subsidized Housing

Similar to the PHAs, the State sent a survey to the North Carolina Housing Finance Agency (NCHFA), USDA, and other housing providers in impacted communities, to assess damages and unmet needs due to Hurricane Matthew. According to the NCHFA, 397 units were damaged. The agency believes they have sufficient funds to make the needed repairs using insurance proceeds. However, if there are instances where subsidized affordable rental housing has remaining unmet needs, their recovery will be given priority in the rental housing programs outlined in this Action Plan.

**Table 12: NC Housing Finance Agency Properties Damaged by Hurricane Matthew**

| Name | City | County | Units |
|---|---|---|---|
| Prince Court Apartments | Princeville | Edgecombe | 30 |
| Asbury Park Apartments | Princeville | Edgecombe | 48 |
| Holly Ridge Apartments | Lumberton | Robeson | 110 |
| Mount Sinai Homes | Fayetteville | Cumberland | 99 |
| ARC/HDS Northampton Co GH | Woodland | Northampton | 6 |
| First Baptist Homes | Lumberton | Robeson | 40 |
| Cypress Village | Fair Bluff | Columbus | 40 |
| Glen Bridge | Princeville | Edgecombe | 24 |

Source: North Carolina Housing Finance Agency, effective 3/10/17

The State also sent surveys to CDBG-DR Entitlement Communities in the impacted areas, and received responses back from Fayetteville and Rocky Mount. In Fayetteville, a reported 952 rental properties were severely damaged, and 671 remain unrepaired. The City cited a need for substantial mitigation and resiliency measures, as many damaged properties were severely damaged, exceeding 50 percent value. The city is currently determining the costs of repair and unmet needs, after factoring in other federal assistance and insurance proceeds. Rocky Mount reported 340 rental homes damaged and are currently determining repair costs and unmet needs.

### 3.1.8.3 Permanent Supportive Housing

The State contacted North Carolina's housing partners to understand the impact Hurricane Matthew had on homeless shelters, transitional housing facilities, or any housing facilities that serve those with disabilities or supportive housing. They were asked what the total damaged properties were, how many people were displaced, and if they are still displaced.

The North Carolina Department of Health and Human Services (DHHS) manages the delivery of health- and human-related services for all North Carolinians, especially our most vulnerable citizens – children, elderly, disabled, and low-income families. DHHS has not yet reported damage to any permanent supportive housing or service facilities, while the State is currently assessing unmet needs.

In addition to restoring existing permanent supportive housing and services, this disaster event likely calls for new services to families and residents who have not historically been served by DHHS. For many very low-income owners and renters, older adults, and persons with disabilities, the impact of severe flooding can lead to a variety of needs. For many families, the loss of their homes; lost wages due to job interruption; limited access to transportation; and the stress associated with living in overcrowded or unsafe conditions due to "doubling up" or remaining in their damaged homes out of necessity warrants additional services in the form of emergency housing assistance, mental health support services, homeless prevention services, and health and transportation assistance. The State will address these needs, working closely with local communities, with emphasis on assisting families currently displaced or at risk of displacement.

## 3.1.9 Housing Unmet Need Assessment

The State has taken multiple steps in estimating the housing unmet needs resulting from Hurricane Matthew. This includes conducting field inspections of damaged homes; analyzing and updating FEMA IA data, SBA loan data, and NFIP data; conducting county-led planning efforts; and surveying PHAs and other housing providers to determine what financial needs will be required to restore our homes and neighborhoods.

The State estimates a total housing unmet need of $443,476,828 to address unmet needs related to owner-occupied housing, rental housing and public housing. Additional public service needs to support the recovery process are estimated at $36,248,561, for a total estimated need of $479,725,389.

**Table 13: Hurricane Matthew Summary of Housing Unmet Need & Public Services Need**

| Source | Estimated Need |
|---|---|
| Owner-Occupied & Rental Housing Unmet Need | $428,276,828 |
| Public Housing Unmet Need | $15,200,000 |
| **Total Housing Unmet Need** | **$443,476,828** |
| **Total Public Services Need** | **$36,248,561** |
| **Grand Total Housing Unmet Need + Total Public Services Need** | **$479,725,389** |

### 3.1.9.1 Owner-Occupied and Rental Housing

The State conducted a Housing Unmet Need Assessment by examining the estimated total loss (need) and resulting unmet need for owner-occupied and rental housing. The assessment is aligned to HUD's own standard approach to analyzing housing unmet need, with slight modifications to the original methodology and assumptions based on reanalysis of the most recent data sets under Substantial Amendment 10. The reanalysis uses the most recent FEMA Individual Assistance (IA) data, SBA loan data to homeowners, NFIP data, and damage inspections performed by the State. See Appendix C for the detailed source data, methodology and assumptions used to estimate housing unmet need for owner-occupied and rental housing.

To estimate unmet needs for owner-occupied and rental housing, the Assessment subtracts the estimated funds received from FEMA, SBA, and NFIP from the total estimated loss (need).

Through reanalysis of the most recent data sets summarized in Table 14, the State has determined that the total owner-occupied and rental housing unmet need is largely unchanged, with a total estimated housing unmet need of $428,276,828 for owner-occupied and rental housing. The September 2017 Housing Unmet Need Assessment outlined in Appendix D estimated a total housing unmet need of $433,965,933 related to owner/renter repair damages and elevation/buyout, representing only a 1.33 percent decrease when compared to the reanalysis.

**Table 14: Hurricane Matthew Owner-Occupied and Rental Housing Unmet Need Summary**

| Category | Estimated Total Loss (Need) | Estimated Resources Available/ Received | Estimated Unmet Need (Estimated Total Loss less Estimated Resources Available/Received) |
|---|---|---|---|
| Owner-Occupied Housing Loss | $548,358,109 | | $548,358,109 |
| Rental Housing Loss | $102,940,148 | | $102,940,148 |
| FEMA Individual Assistance | | $83,628,670 | ($83,628,670) |
| SBA Loans: Residential | | $33,483,522 | ($33,483,522) |
| NFIP Assistance | | $105,909,236 | ($105,909,236) |
| **Total Owner-Occupied & Rental Housing** | **$651,298,256** | **$223,021,428** | **$428,276,828** |

Source(s): See Appendix C for data sources, detailed methodology and assumptions

### 3.1.9.2 Public Housing

As outlined in Section 3.1.8, the State conducted outreach via a survey to housing providers in impacted areas to determine the damages, displacement, and unmet needs of subsidized and supportive rental housing in March 2017. Throughout the recovery and planning process, the State has continued coordination and planning efforts with multiple Public Housing Authorities (PHAs), the State Housing Finance Agency, State Community Development Block Grant Disaster Recovery (CDBG-DR) Communities, and North Carolina's Department of Health and Human Services (DHHS) to revise housing unmet needs related to public housing. Based on the survey data and data gathered through continued planning efforts, the State estimates the unmet need to repair severely damaged public housing units is $15,200,000.

**Table 15: Hurricane Matthew Public Housing Unmet Need**

| Category | Estimated Unmet Need |
|---|---|
| **Total Public Housing** | **$15,200,000** |

Source(s): March 2017 survey responses from State and local housing providers and agencies, and Continued Coordination and Planning Data

### 3.1.9.3 Additional Public Services

As outlined in Section 3.1.8.3, the State in coordination with the North Carolina Department of Health and Human Services (DHHS) identified a need for additional public services to families and residents who have not historically been served by DHHS. In 2017, the State estimated $17,371,361 would be needed to provide support services for persons needing assistance relating to homeless, families living in poverty, persons needing medical or mobility assistance due to disabilities, permanent supportive housing needs, persons who are currently displaced and need additional housing assistance, and services to older residents especially challenged by displacement.

This need was largely addressed through the Back@Home NC program, administered by the DHHS. This program is a $12 million initiative for individuals and families who are not eligible for Individual Assistance through the Federal Emergency Management Agency (FEMA) or who may be receiving limited FEMA assistance and still need help securing housing or other supportive services. Services include help finding housing, rent and utility assistance, move-in supplies, and, if needed, help accessing other resources like job training and placement and childcare.

The State has identified a need to provide funds to address shortfalls for homeowners who sell their homes to the State through a buyout program and, because of the cost of new housing, will have a gap in their home sale price and the cost to move into the new residence. The State estimates $10,077,200 will be needed to assist homeowners with the process of moving to new residence.

Under previous Action Plan Amendments, Buyout Funds were reallocated from CDBG-DR to CDBG-MIT. Refer to the State's Mitigation Action Plan for more details on these activities and any additional unmet needs analyses.

Lastly, the State has also identified a need for LMI homeowners who will expect to see their insurance premiums increase and will not be able to afford flood insurance once their homes are rebuilt. The State estimates $8,800,000 will be needed to provide flood insurance subsidies to LMI homeowners.

**Table 16: Additional Public Service Needs**

| Source | Estimated Need |
|---|---:|
| Supportive Services | $17,371,361 |
| Homeowner Assistance Program | $10,077,200 |
| Insurance Subsidies for LMI Owners | $8,800,000 |
| **Total Public Service Needs** | **$36,248,561** |

Source(s): FEMA Individual Assistance, Small Business home loan data; survey responses from State and local housing providers and agencies; analysis effective 9/13/17

### 3.1.9.4 Amendment 10 Update

See Section 3.1.9 for the revaluation of Housing Unmet Need based on the most recent data sets. Reference Appendix C for the Methodology and Assumptions for Estimating Housing Unmet Need under the revaluation. Reference Appendix D for the previous Action Plan's September 2017 Housing Unmet Need Assessment. With Substantial Amendment 10, the Public Housing Restoration funds are being reallocated from CDBG-DR to CDBG-MIT. Refer to the State's Mitigation Action Plan for more details on these activities and any additional unmet needs analyses.

## 3.2 Vulnerability of the Most Impacted Communities

As was articulated in the initial Action Plan, North Carolina's approach to recovering its homes and neighborhoods after Hurricane Matthew is to strategically examine where the damage occurred and then focus its recovery efforts in those areas, paying special attention to the housing types, household types, and special needs of these unique communities. The allocation of funds in the Action Plan Amendment, shows North Carolina's commitment to the most vulnerable communities. The original analysis remains unchanged, and the use of the metrics in this analysis is shaping program design.

Families and individuals with social vulnerabilities oftentimes face greater challenges in evacuating during a disaster event, including finding suitable and affordable housing if displaced, and being able to afford making the repairs needed so that they can return to their homes. To address this issue, North Carolina analyzed IA applications to determine which neighborhoods withstood the brunt of Hurricane Matthew's impact and then examined the socio-economic and demographic profiles of these neighborhoods.

For the purpose of this study, we consider a neighborhood to be "most impacted," if at least 25 homes experienced major to severe damage (i.e. homes with a category 3, 4, and 5 damage level, or Major-Low, Major-High, and Severe damage), or where at least 5 percent of all homes had major to severe damage. The analysis defines vulnerable populations as older residents (65 years old or older), persons with disabilities, homeless or individuals at risk of homelessness, neighborhoods where at least 50 percent of households earn less than 80 percent Area Median Income (AMI) (LMI neighborhoods), households with English language barriers, and households who do not own personal vehicles. This data is publicly available using the 2010-2014 American Community Survey (ACS) and is collected at the Census Tract-level (aligned with our definition of a neighborhood). To determine if a Census Tract has a disproportionate number of residents or families with social vulnerability, we compare the figures to state averages, or use HUD-standard benchmarks (i.e. majority of households are low-income, for example).

Based on this analysis, there are five neighborhoods located in Lumberton, Princeville, Fayetteville, and Fair Bluff that were severely impacted (where at least 100 homes experienced major to severe damage). Of these five neighborhoods, an impacted family is more likely to be low-income, minority, and without a family car than what is typical in the State. Among the other impacted neighborhoods, there are pockets of damage where residents have English language barriers, disabilities, and are also low-income and minority neighborhoods. There are no substantially impacted neighborhoods with a disproportionate number of older residents. Even so, North Carolina understands that many older households have substantial rebuilding challenges, and their needs will be addressed through local outreach efforts and prioritization among programs.

Additionally, North Carolina is committed to rebuilding damaged communities in a manner that furthers fair housing opportunities to all residents. For this reason, the Assessment identifies which impacted neighborhoods have a disproportionate concentration of minority populations.

As these communities rebuild, the State will focus its planning and outreach efforts to ensure that rebuilding is equitable across all neighborhoods, which may include providing affordable housing in low-poverty, non-minority areas where appropriate and in response to natural hazard-related impacts.

### Table 17: Most Impacted Neighborhoods and Social Vulnerability [Y = Disproportionate Social Vulnerability]

| Town | County | Neighborhood | Owner | Renter | Total | Disability | Language Barriers | No Access to Vehicle | Minority | LMI |
|---|---|---|---|---|---|---|---|---|---|---|
| **Lumberton** | ROBESON | 37155960801 | 150 | 320 | 470 | N | N | Y | Y | Y |
| **Princeville** | EDGECOMBE | 37065020900 | 156 | 211 | 367 | N | N | Y | Y | Y |
| **Lumberton** | ROBESON | 37155960802 | 125 | 144 | 269 | Y | N | Y | Y | Y |
| **Fayetteville** | CUMBERLAND | 37051003203 | 26 | 107 | 133 | N | N | N | Y | N |
| **Fair Bluff** | COLUMBUS | 37047930600 | 50 | 59 | 109 | Y | N | Y | N | N |
| **Fayetteville** | CUMBERLAND | 37051000200 | 53 | 40 | 93 | Y | N | Y | Y | Y |
| **Rural** | WAYNE | 37191000901 | 44 | 48 | 92 | N | Y | N | N | N |
| **Goldsboro** | WAYNE | 37191001500 | 24 | 61 | 85 | Y | N | Y | Y | Y |
| **Rural** | ROBESON | 37155961802 | 16 | 61 | 77 | Y | N | N | Y | Y |
| **Rural** | DARE | 37055970502 | 47 | 28 | 75 | N | N | N | N | Y |
| **Rural** | CUMBERLAND | 37051003001 | 52 | 16 | 68 | N | N | N | N | N |
| **Rural** | PENDER | 37141920502 | 41 | 24 | 65 | N | N | N | N | N |
| **Kinston** | LENOIR | 37107010800 | 2 | 62 | 64 | Y | N | N | Y | N |
| **Rural** | ROBESON | 37155961500 | 47 | 14 | 61 | N | N | N | N | N |
| **Hope Mills** | CUMBERLAND | 37051001601 | 32 | 17 | 49 | N | N | N | N | N |
| **Fayetteville** | CUMBERLAND | 37051003800 | 4 | 42 | 46 | Y | N | Y | Y | Y |
| **Lumberton** | ROBESON | 37155961302 | 23 | 23 | 46 | N | Y | N | Y | N |
| **Rural** | ROBESON | 37155961601 | 35 | 10 | 45 | N | N | N | Y | N |
| **Goldsboro** | WAYNE | 37191001400 | 12 | 31 | 43 | N | N | Y | Y | Y |
| **Rural** | EDGECOMBE | 37065021500 | 34 | 8 | 42 | N | N | N | N | N |
| **Fayetteville** | CUMBERLAND | 37051001400 | 22 | 20 | 42 | Y | N | N | Y | Y |
| **Goldsboro** | WAYNE | 37191002000 | 13 | 27 | 40 | N | N | Y | Y | Y |
| **Rural** | WAYNE | 37191001101 | 27 | 13 | 40 | N | N | N | N | N |
| **Rural** | PENDER | 37141920501 | 31 | 8 | 39 | N | Y | N | Y | N |
| **Rural** | BLADEN | 37017950100 | 34 | 4 | 38 | Y | N | N | N | N |
| **Seven Springs** | WAYNE | 37191000602 | 22 | 12 | 34 | N | Y | N | Y | N |
| **Kinston** | LENOIR | 37107010200 | 7 | 26 | 33 | Y | N | Y | Y | Y |
| **Rural** | SAMPSON | 37163971000 | 30 | 3 | 33 | N | Y | Y | Y | N |

| Town | County | Neighborhood | Owner | Renter | Total | Disability | Language Barriers | No Access to Vehicle | Minority | LMI |
|---|---|---|---|---|---|---|---|---|---|---|
| **Whiteville** | COLUMBUS | 37047930900 | 6 | 26 | 32 | Y | N | Y | Y | Y |
| **Lumberton** | ROBESON | 37155960701 | 29 | 2 | 31 | N | Y | N | Y | Y |
| **Kinston** | LENOIR | 37107011300 | 23 | 7 | 30 | Y | N | N | N | N |
| **Windsor** | BERTIE | 37015960400 | 18 | 12 | 30 | Y | N | Y | Y | N |
| **Rural** | CUMBERLAND | 37051001903 | 0 | 29 | 29 | N | N | N | N | N |
| **Tarboro** | EDGECOMBE | 37065021000 | 10 | 19 | 29 | N | N | Y | Y | Y |
| **Rural** | CRAVEN | 37049960200 | 24 | 3 | 27 | Y | N | N | N | N |
| **Rural** | LENOIR | 37107011300 | 15 | 12 | 27 | Y | N | N | N | N |
| **Rocky Mount** | EDGECOMBE | 37065020400 | 0 | 27 | 27 | N | N | Y | Y | Y |
| **Rural** | WAYNE | 37191001000 | 24 | 3 | 27 | N | Y | N | N | N |
| **Fayetteville** | CUMBERLAND | 37051000800 | 0 | 26 | 26 | N | N | N | N | N |
| **Rural** | CUMBERLAND | 37051001400 | 6 | 19 | 25 | Y | N | N | Y | Y |
| **Rural** | GREENE | 37079950102 | 20 | 5 | 25 | Y | N | N | Y | Y |
| **Rural** | MOORE | 37125950501 | 14 | 11 | 25 | N | N | N | N | N |

Source: Source(s): FEMA Individual Assistance data dated 1/16/17; American Community Survey 2010-2014; analysis effective 3/15/17.

The challenges associated with vulnerable populations can be categorized as follows:

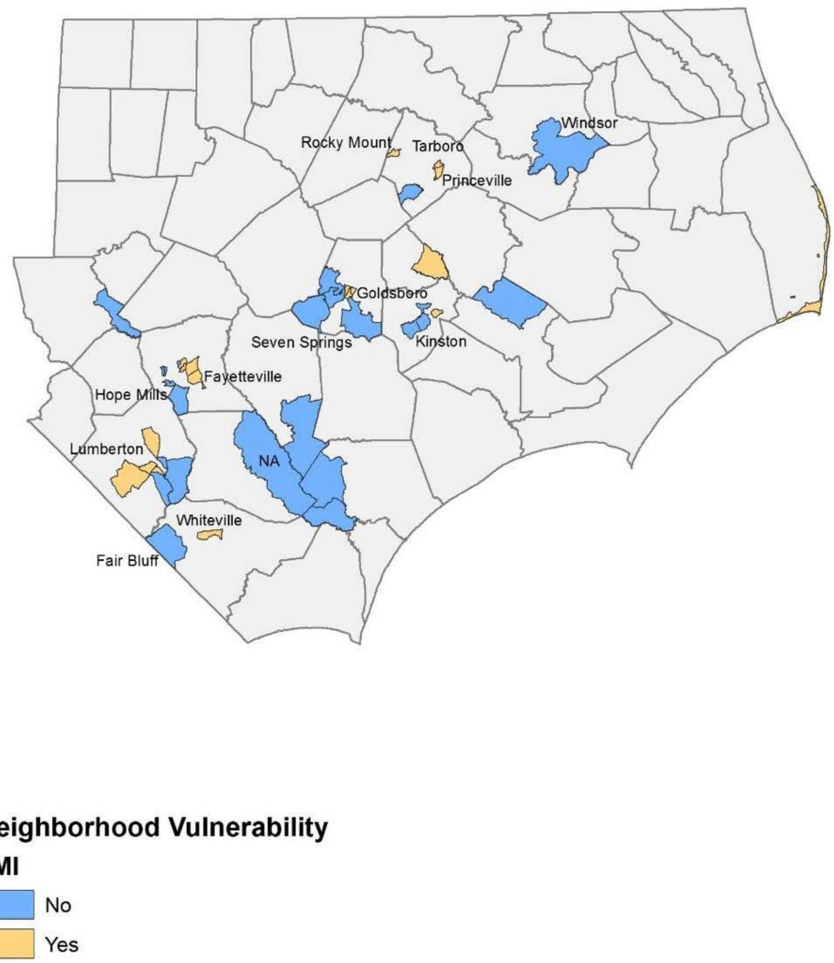
**Evacuation Needs –** Many low-income families lack the financial capacity to evacuate during a storm event, with limited resources to pay for alternative lodging. Many do not own a vehicle and simply cannot evacuate without assistance. Similarly, older residents and persons with disabilities may not be able to evacuate due to mobility challenges and the need to be near their existing medical care. There are also residents who are unaware of impending disasters due to language barriers and social isolation from to lack of technology. These individuals and families often risk their safety, and even their lives, due to their inability to get out of harm's way as storm approaches. Although the storm has since passed, North Carolina acknowledges that many impacted neighborhoods are at continued risk of flooding in the event of a future storm and are using this flood event to understand what the evacuation needs may be for the neighborhoods hit hardest by flooding.

**Displacement and Temporary Housing Needs –** The greatest challenge most low-income families face immediately after evacuation is finding suitable temporary housing that is affordable and located near their jobs and basic services. Many are not able to pay for two homes (a mortgage on their damaged home and renting a new home) leading to severe debt or households "doubling up" with other family members. Even more challenging, many older adults and persons with disabilities have mobility challenges and medical needs, and moving far from their existing support network can lead to a sedentary, unhealthy living environment, or worse, a medical crisis. Very low-income residents, persons with disabilities, and many older adults impacted by Hurricane Matthew have supportive service needs like medical care, access to medicine, transportation assistance, and financial support during the rebuilding process.

**Rebuilding Needs –** The long-term goal of North Carolina is to safely return families and individuals to their communities and homes. The cost of repair is a major issue for low-income homeowners, particularly for those whose homes were devastated by flooding and whose insurance did not cover the damages. Many low-income residents cannot afford to move and cannot afford to rebuild. What often happens is that they remain in their damaged home, living in an environment that poses health risks like mold and structural damage. Renters may face even greater challenges, since it is up to the landlord to rebuild or not, and if the rental income was insufficient to encourage rebuilding, the landlord may choose to keep the insurance payout and not rebuild. This leads to long-term displacement of renters, which can be particularly challenging in smaller communities where there is a limited supply of rental units.

North Carolina will address these challenges by tailoring its housing recovery programs to the communities most impacted while providing a suite of supportive services and financial assistance to low-income families and other vulnerable populations struggling to rebuild their lives.

## Figure 4: Most Impacted Neighborhoods that are Low- and Moderate-Income



### Figure 5: Most Impacted Neighborhoods with a Disproportionate Concentration of Households without a Car

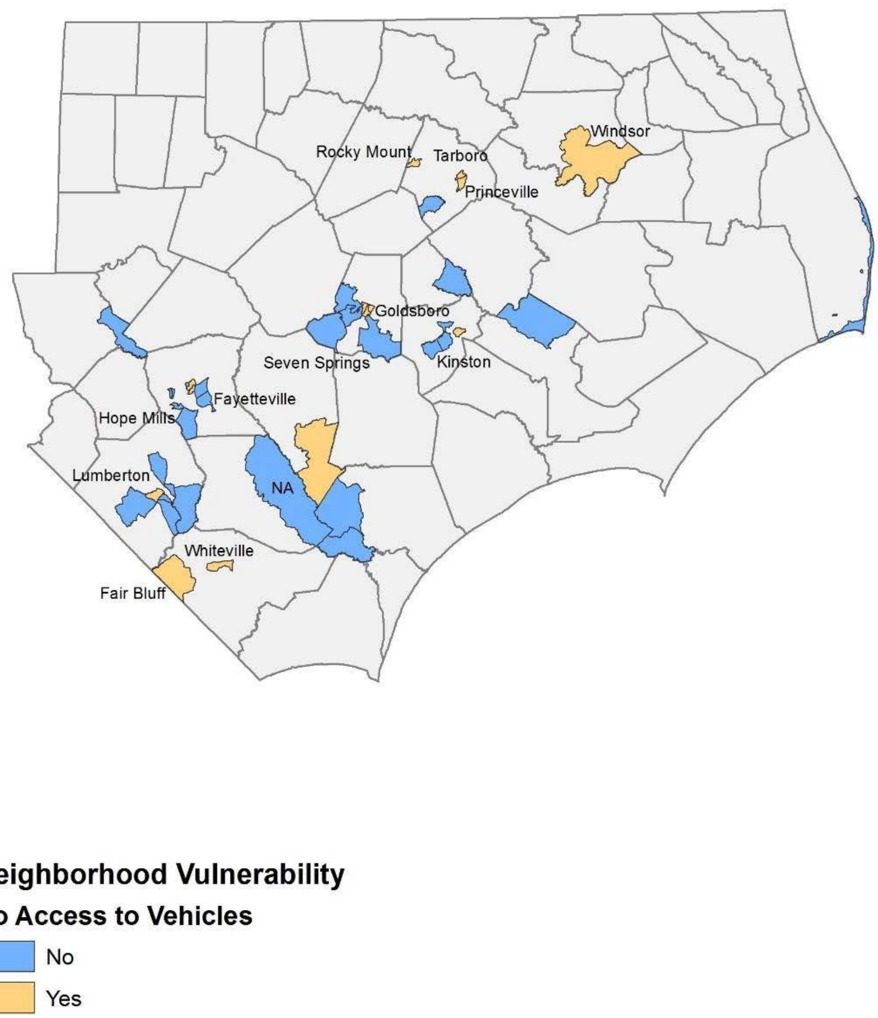
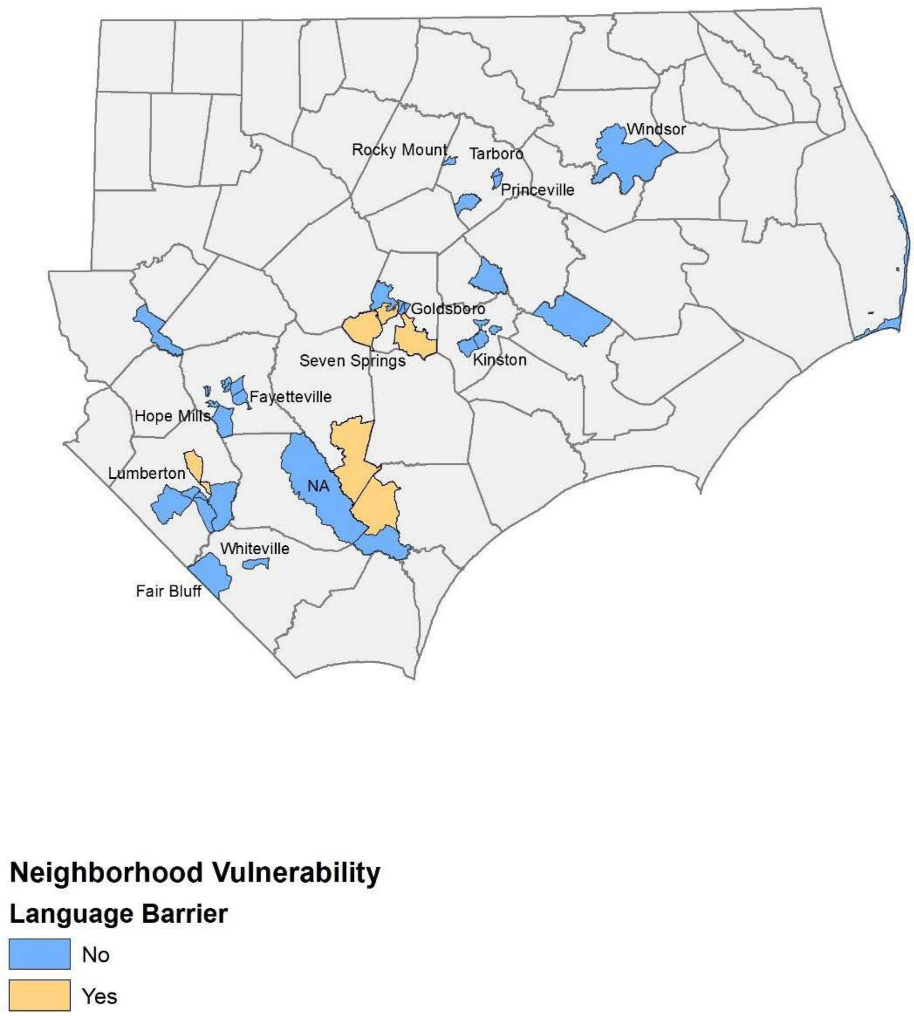
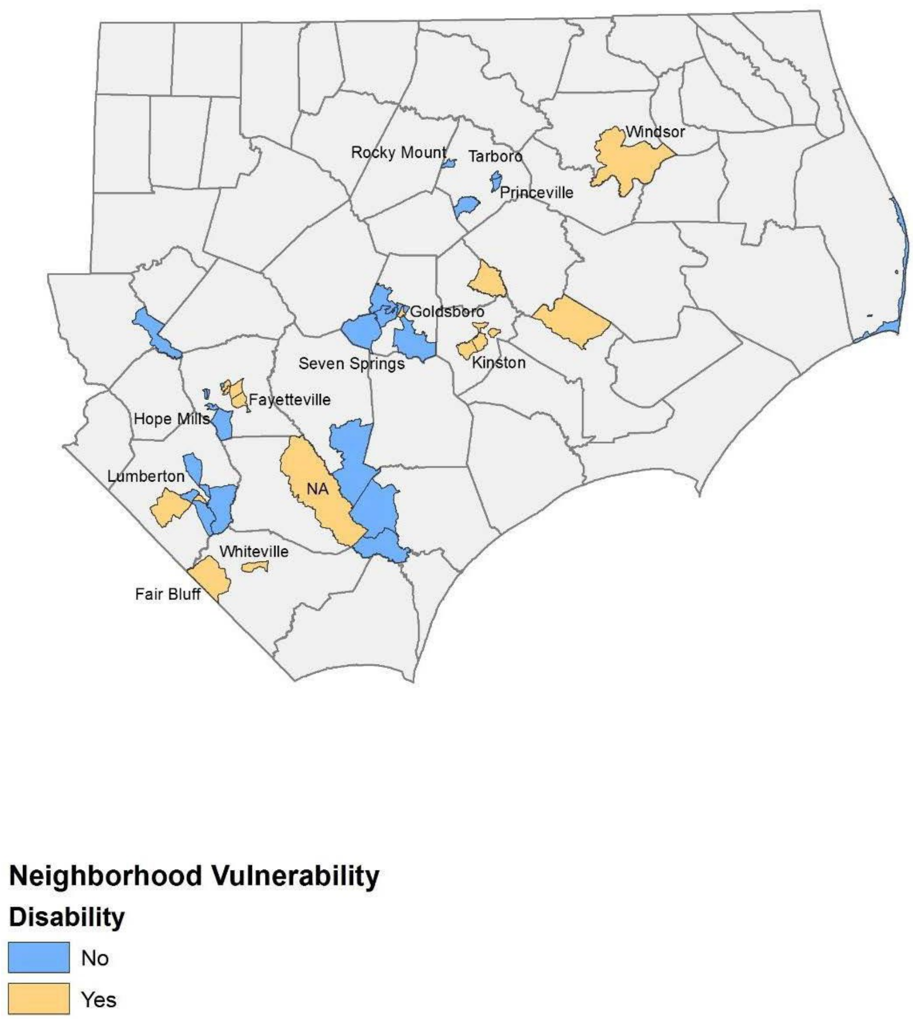


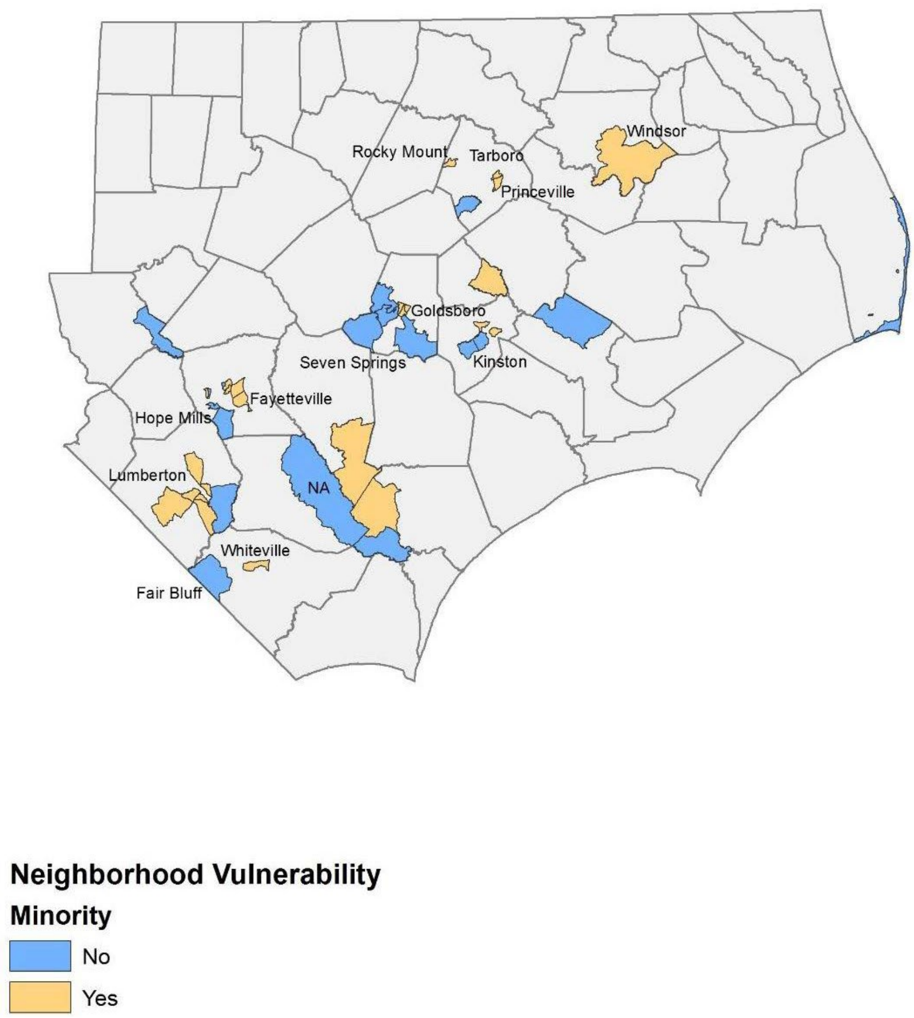
**Figure 6: Most Impacted Neighborhoods with a Disproportionate Concentration of Residents who Maintain Language Barriers**



### Figure 7: Most Impacted Neighborhoods with a Disproportionate Number of Residents with Disabilities



### Figure 8: Most Impacted Neighborhood with a Disproportionate Concentration of Minority Populations



## 3.3 Economic Recovery

As was shown in the initial Unmet Need Assessment, Hurricane Matthew caused extensive damage to small businesses in eastern and central North Carolina with most businesses located in rural counties leaving a large unmet need. That analysis continues to be accurate as, to date, neither the SBA nor USDA has addressed the recovery needs following Matthew. Small businesses are the economic backbone of most towns in North Carolina, and these businesses are where residents shop for groceries, buy gas, dine, lodge, and acquire retail and other services that define the community. Many businesses also support and rely on the state's agricultural economy, including family farms and agribusinesses, for survival. As was shown in the initial Action Plan, a key industry sector that was impacted by Matthew was the State's agricultural economy. The State still estimates that in part due to SBA loan denials and lack of dedicated recovery funding from the USDA for the farming community, the agricultural and small business community continues to have a $263 million unmet need.

The most recent data from the SBA, continues to show that the counties most impacted by Matthew have the highest number of per county applications for assistance, and 95 percent of these businesses have less than 100 employees. Based on the September 2017 data on business related loans programs, small businesses in North Carolina are seeing more loans denied than approved, with 645 applications approved and 752 denied.

In addition to the businesses who were denied an SBA loan, there were 7,740 businesses who were referred to the program but never applied. The State, in consultation with community leaders and through the planning process, believes that many of these businesses, while having unmet recovery need, did not submit the loan package to SBA because they knew they would not qualify.

A primary component of North Carolina's economic strength is its agricultural sector. The USDA declared 79 of the State's 100 counties as having significant agricultural damage from Matthew and the North Carolina Department of Agriculture and Consumer Services reported that 48 counties were seriously impacted, with these counties accounting for 71 percent of the total farm cash receipts and representing $9.6 billion of the $13.5 billion total. The Department assessed that Matthew had a $422 million impact to major commodities and, because agriculture production is seasonal, many farms lost an entire year's crop from Matthew and, along with it, a potential loss of markets. As a result, the State is continuing to assess agricultural recovery throughout the 2017-2018 growing season, but based on current information, there is substantial evidence that small agricultural businesses were substantially impacted, losing their anticipated 2017 earnings in the floodwaters. Without being fully compensated from USDA or SBA, they represent a large, unmet need.

Based on information from State Agencies and SBA, the current estimated unmet need for small businesses, including the agricultural sector, is $263,435,519. This assessment is based on a conservative approach of taking (1) 10 percent of the business losses for firms that were referred to FEMA who did not apply for SBA assistance, (2) all businesses that applied for an

SBA loan but were denied, (3) an assumption that SBA business loans cover 80 percent of unmet needs, and (4) State estimates of ongoing agricultural losses that were not addressed by USDA through its programs. The data highlights that the most vulnerable businesses in North Carolina continue to be small businesses in rural counties, within the service, agriculture, and retail industries. The fact that these firms are located within or connected to the residential areas in the hardest hit counties amplifies the importance of obtaining funding to address the unmet needs of the business and agricultural sector as the services, local employment, and stability provided by small businesses are critical factors in ensuring that overall community and regional recovery will occur.

**Table 18: Unmet Economic (Small Business) Needs**

| | Business Loans Denied | Business Loans Approved | Referrals only | Average Loan Amount | Estimated Damages | Amount Received | Estimated Unmet Need |
|---|---|---|---|---|---|---|---|
| Total | 752 | 645 | 25,064 | $92,981 | $288,186,019 | $24,750,500 | $263,435,519 |

Source: US SBA, 09/18/17

## 3.4 Public Infrastructure and Facilities

As was shown in the State's initial Action Plan, Matthew devastated public infrastructure in eastern and central North Carolina. The State recognizes that the primary funding source used to repair and restore damaged public infrastructure is the Federal Emergency Management Agency's Public Assistance (FEMA PA) program. Since the initial Action Plan was published, the State has completed its 50-county comprehensive, ground up, community planning process. As a result, infrastructure-related projects will be implemented that were developed from these plans.

The following sections provide information from the Initial Action Plan outlining the initial infrastructure impact and unmet need.

### 3.4.1 Community and Supportive Facilities

As was documented in the State's original Action Plan, some public facilities that were damaged will be repaired using FEMA PA funds. However, State facilities that provide social, community, and health (including mental health) services to support Matthew recovery also incurred unmet needs that are not eligible for FEMA PA program funds. Through local outreach and needs assessments under the Initial Action Plan, the State estimated an additional unmet need of $45.4 million to address and pay for these services and facility upgrades.

### 3.4.2 Dams and Levees

As was documented in the State's original Action Plan, North Carolina has the largest number of dams in the nation with 1,200 high hazard dams that could potentially endanger lives and property if they fail. North Carolina's Division of Energy, Mineral, and Land Resources reported that 20 dams were breached and 46 additional dams damaged as a result of Matthew, including the levee protecting the Town of Princeville, which resulted in millions of dollars in damages while other dams threatened more than 500 structures and residences.

North Carolina's dam/levee work, which represented an unmet need of $38 million under the initial Action Plan, will ensure the structures admitted under the United States Army Corps of Engineers (USACE) P.L. 84-99 are accredited under the FEMA National Flood Insurance Program (NFIP).

### 3.4.3 Department of Transportation (DOT)/HUD/Federal Highway Association (FHWA) Transportation Facilities and Infrastructure

As was shown in the State's original Action Plan, North Carolina's road system was heavily impacted by Matthew. An important component of the national disaster response plan is the integration and delineation of how FEMA and US DOT provide funding to states to address storm-related repairs to road systems. As a result of Matthew, approximately 42,000 miles of roads needed to have either debris removal, emergency protective measures, and or specific site repairs. These activities will require the State to provide matching and, as disclosed in the initial Action Plan, represented an unmet need of $52.6 million.

### 3.4.4 USDA / FSA Disaster Grant Programs

As was shown in the State's original Action Plan and highlighted in the Economic Recovery section, Hurricane Matthew caused substantial damage to North Carolina's rural areas. This included the loss of field crops and livestock who perished in the floodwaters, causing environmental hazards in the streams, ponds, and other bodies of water. The State, working with the USDA under the Initial Action Plan, estimated an unmet need of $177.7 million for USDA related activities including clean-up efforts and restoration of watersheds that are tied to Matthew.

### 3.4.5 Environmental Protection Agency (EPA) – Drinking Water and Wastewater Repair and Mitigation

As was highlighted in the State's original Action Plan, since the publication of the plan, the State has continued to work with the EPA and FEMA, to address the substantial unmet needs for the repair and mitigation of the water and wastewater treatment systems that were impacted by Matthew. The State estimated under the Initial Action Plan an unmet need of $274 million even after considering opportunities to restore and mitigate these systems with FEMA PA funds.

### 3.4.6 National Guard Facilities and Equipment

The National Guard plays a vital and critical role in disaster recovery during the initial response period, providing emergency response functions (ESFs), helping citizens to safe ground, and securing assets. The National Guard's staging facilities and equipment must be maintained. Matthew impacted five facilities that will require a match that under the Initial Action Plan represented an unmet need of $730 thousand.

### 3.4.7 Infrastructure Unmet Need Assessment

The State conducted a revaluation of the Infrastructure Unmet Need Assessment by examining the estimated total loss (need) and resulting unmet need using HUD's own standard approach to analyzing infrastructure unmet need. The Assessment is based on a reanalysis of the most recent FEMA Public Assistance (PA) data set under Substantial Amendment 10.

To estimate unmet need for infrastructure, the reanalysis uses only a subset of the Public Assistance damage estimates reflecting the categories of activities most likely to require CDBG funding above the Public Assistance and State match requirement. Those activities are categories: C, Roads and Bridges; D, Water Control Facilities; E, Public Buildings; F, Public Utilities; and G, Recreational—Other. Categories A (Debris Removal) and B (Protective Measures) are largely expended immediately after a disaster and reflect interim recovery measures rather than the long-term recovery measures for which CDBG funds are generally used.

The total estimated loss (need) was based on the total FEMA PA Project Amount for damage categories C through G. To estimate total unmet need, the Assessment subtracts the total federal obligations (FEMA PA Federal Share Obligated amount) from the total estimated loss (need).

Through reanalysis of the most recent data set summarized in Table 19, the State has determined that the infrastructure unmet need has decreased significantly, with a total estimated unmet need of $70,461,799.

**Table 19: Hurricane Matthew Infrastructure Unmet Need Summary by Damage Category**

| Damage Category | Estimated Total Loss (Need) | Federal Obligations (FEMA PA Federal Share Obligated) | Estimated Unmet Need (Estimated Total Loss less Federal Obligations) | Percent of Total Estimated Unmet Need |
|---|---|---|---|---|
| C - Roads and Bridges | $119,754,373 | $89,815,780 | $29,938,593 | 42% |
| G - Recreational or Other | $49,851,811 | $37,388,858 | $12,462,952 | 18% |
| F - Public Utilities | $48,799,869 | $36,599,902 | $12,199,967 | 17% |
| E - Public Buildings | $40,335,679 | $30,251,760 | $10,083,920 | 14% |
| D - Water Control Facilities | $23,105,468 | $17,329,101 | $5,776,367 | 8% |
| **Total Infrastructure** | **$281,847,201** | **$211,385,402** | **$70,461,799** | **100%** |

Source(s): FEMA Public Assistance (PA) data as of 11/8/2022

The October 2017 Infrastructure Unmet Need Assessment outlined in Appendix E estimated a total infrastructure unmet need of $543,597,450, representing an 87 percent decrease when compared to the reanalysis.

In October 2017, applications to the FEMA PA program were anticipated to increase. For this reason, the previous assessment supplemented the FEMA data sets with the initial unmet need estimates outlined in Sections 3.4.1 to 3.4.6; this approach was taken to use the data available at the time to best estimate the infrastructure unmet need. Removing these initial unmet need estimates and aligning the reanalysis with HUD's standard approach to analyzing infrastructure unmet need contributed greatly to the 87 percent decrease noted above.

It is also important to note that the latest FEMA PA data set shows that over $87 million in federal funds were obligated to projects in damage categories C through G since October 2017 (based on FEMA PA Obligated Date), which is what prompted the State to use the latest FEMA PA data to reevaluate the infrastructure unmet need aligned to HUD's standard methodology.

The reanalysis also highlights that 77 percent, or $54,601,512, of the total estimated infrastructure unmet need is related to damage categories: C, Roads and Bridges; G, Recreational—Other; and F, Public Utilities.

The State has also made a considerable amount of funding available under the State Emergency Response and Disaster Relief Fund to address the State match for federal disaster programs. $88,528,370 was awarded to this fund, with 56% of those awarded funds being spent as of September 2018 and totaling to $49,783,649.[3] When accounting for the State match funds spent as of September 2018, the total estimated infrastructure unmet need decreases further to $20,678,150.

Through the reanalysis of the most recent FEMA PA data set, the State also found that 68 percent of the estimated infrastructure unmet need, totaling to $47,925,765, is for statewide projects or for projects in counties that have been defined as MID areas by HUD. Another 21 percent of the estimated infrastructure unmet need, totaling to $14,507,949, is for projects in counties that have not been defined as MID areas by HUD or the State. Table 20 summarizes the infrastructure unmet need by MID category.

[3] https://www.ncleg.gov/PED/Reports/documents/Disaster/Disaster_Report.pdf, May 20, 2019, Page 7 of 50

**Table 20: Hurricane Matthew Infrastructure Unmet Need Summary by MID Category**

| MID Category | Estimated Total Loss (Need) | Federal Obligations (FEMA PA Federal Funds Obligated) | Estimated Unmet Need (Estimated Total Loss less Federal Obligations) | Percent of Total Estimated Unmet Need |
|---|---|---|---|---|
| Statewide | $123,387,295 | $92,540,471 | $30,846,823 | 44% |
| HUD Defined MID | $68,315,766 | $51,236,825 | $17,078,941 | 24% |
| Non-MID | $58,031,797 | $43,523,848 | $14,507,949 | 21% |
| State Defined MID | $32,112,343 | $24,084,257 | $8,028,086 | 11% |
| **Total** | **$281,847,201** | **$211,385,402** | **$70,461,799** | **100%** |

Source(s): FEMA Public Assistance (PA) data as of 11/8/2022

The State recognizes that the data collection and documentation of community infrastructure and public facilities needs is ongoing. In addition to the documented costs from Federal sources with the completion of the State's community planning effort, additional recovery related projects will be implemented that represent an unmet need for infrastructure projects. The infrastructure projects are contained in each of the 50 county plans that were submitted to the State in the summer of 2017 and are shown on the rebuild.nc.gov website at https://www.rebuild.nc.gov/resiliency/hurricane-matthew-resilient-redevelopment-plans.

As it was disclosed in the original Action Plan, all infrastructure related projects will refer to the *Federal Resource Guide for Infrastructure Planning and Design*: http://portal.hud.gov/hudportal/documents/huddoc?id=BAInfra ResGuideMay2015.pdf.

### 3.4.8 Amendment 9 Update

Significant construction cost increases may impact the ongoing infrastructure recovery. To permit the NCORR Community Development team greater speed in responding to requests to adjust construction scopes of work, a contingency of approximately 25% is added to the infrastructure allocation. This contingency allows the Community Development team to be able to assess the needs of each project as they change over time and respond quickly and effectively, without the need for an action plan amendment related to every change request.

### 3.4.9 Amendment 10 Update

See Section 3.4.7 for the revaluation of the Infrastructure Unmet Need based on the most recent FEMA PA data set. Reference Appendix E for the previous Action Plan's October 2017 Infrastructure Unmet Need Assessment. With Substantial Amendment 10, the Infrastructure recovery funds are being reallocated from CDBG-DR to CDBG-MIT. Refer to the State's Mitigation Action Plan for more details on these activities and any additional unmet needs analyses.

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# 4.0 Planning, Coordination, and Community Outreach Needs

The State's initial Action Plan highlighted the robust planning effort in response to the unmet needs resulting from Hurricane Matthew. In addition to the Action Plan process, the North Carolina General Assembly established the North Carolina Resilient Redevelopment Planning (NCRRP) program as part of the *2016 Disaster Recovery Act* (Session Law 2016-124). This effort was funded by the State and did not use CDBG-DR funds. North Carolina Emergency Management served as the coordinating body to develop regional planning strategies to ensure consistency across the State and establish the basis for the state's disaster recovery action plan. The planning effort was initiated in February of 2017 and was completed in August of 2017 with the final submission of 50 county recovery plans. The plans can be found at https://www.rebuild.nc.gov/resiliency/hurricane-matthew-resilient-redevelopment-plans#a-b-c.

The purpose of the program was to 1) provide a roadmap of strategic plans and actions for a more resilient community rebuilding and revitalization for areas that were impacted by the Matthew, and; 2) define any unmet funding needs required to implement those actions after other funds are used. The program empowered communities to prepare locally-driven recovery plans, to identify redevelopment strategies, suggest innovative reconstruction projects, and identify other needed actions to allow each community not only to recover from Matthew but also to become more resilient to future storm events. At the state level, this planning effort assisted in promoting sound, sustainable, long- term recovery planning. By using post-disaster evaluation of hazard risk, especially land-use decisions that reflect responsible floodplain management, the potential for possible sea level rise, increasing frequency and severity of rain and other storm events, the plans helped shape the recovery process that is incorporated in this Action Plan, which along with citizen input, provides a roadmap for how recovery, rebuilding, and resiliency can occur in impacted counties.

With the planning process complete, implementation of the proposed projects and actions described in the Plans can begin, subject to applicable federal, state, and local laws and regulations. Proposed projects or actions may be eligible for state or federal funding or could be accomplished with municipal, nonprofit, or private investments. While the State will utilize the Plans as a roadmap for recovery as it engages with community and county governments through this recovery process, inclusion of a project or action in a specific Plan does not guarantee that it will be eligible for recovery funding as currently the State is significantly oversubscribed and underfunded across all program areas.

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# 5.0 Nexus Between Unmet Need and Allocation of Resources

The State's initial Action Plan prioritized providing funds to communities that experienced the most significant damage from Hurricane Matthew as described in the Impact and Unmet Needs Assessment. The State continues to be focused on aiding these communities and the counties that were most impacted. Based on the recently completed 50 county planning process, the State will support recovery objectives in each of the impacted counties, with a focus on the four most impacted counties. Based on the county planning process, community outreach, and research and analysis of revised and updated available Federal data, the following unmet needs are the main priorities for this Action Plan Amendment #1 as reflected in the proposed recovery activities:

- Providing a significant portion of the allocation as additional assistance to the housing sector to ensure that homeowners that were impacted by Matthew have resources and options available as they begin to rebuild, repair, or replace homes with major to severe damage. Continuing to ensure that an adequate supply of rental housing is available that is safe, sustainable, and affordable in the most impacted areas.
- Providing additional assistance to LMI families and other persons with supportive service needs.
- Providing additional assistance to address community recovery needs, including funds to assist with the local match for FEMA funded programs (PA and HMGP) so that homeowners can relocate to higher and safer ground, to assist units of government address recovery and rebuilding needs of public infrastructure, and to ensure that some projects and priorities identified in the county planning process can be implemented.

All proposed activities and uses described in the following programs are authorized under Title I of the Housing and Community Development Act of 1974 or allowed by waiver or alternative requirement and will be located in a Presidentially declared county eligible for assistance.

## 5.1 National Flood Insurance Restrictions

Homeowners who receive Hurricane Matthew CDBG-DR funds detailed in the Action Plan should be aware that the State must conduct a check to see if the homeowner has maintained flood insurance if they were previously assisted with FEMA IA or other federal disaster funds and were required to maintain flood insurance as a condition of receiving those funds. In the event that a homeowner is found to have not maintained adequate flood insurance when required to do so, the property will be ineligible for repair, replacement, or restoration assistance with CDBG-DR funds.

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# 6.0 Allocation of CDBG-DR Funding

The State of North Carolina continues to prioritize housing activities for CDBG-DR assistance with a total of $217,022,550 (92 percent) in funding dedicated to this activity. This is a combination of the Homeowner Recovery Program and Multi-Family Housing Program.

Previous Action Plan amendments have defined MID and non-MID areas as Tier 1 and Tier 2 counties, respectively. Since then, the Tier 1 and Tier 2 designation have been clarified in favor of MID or non-MID designations. MID refers to the designation assigned by HUD for "most impacted and distressed" area. HUD defines MID areas as counties that are eligible to receive FEMA Individual Assistance (IA) funds, have a housing recovery need greater than $13 million after other funds to repair have been received. Table 21, as shown below, summarizes the current allocation of CDBG-DR funding followed by a description of the methods of distribution to MID and non-MID Counties.

**Table 21: Distribution of CDBG-DR Funds by Program**

| Activity | PREVIOUS APA 9 Allocation | CURRENT SAPA 10 Allocation | CURRENT SAPA 10 LMI Allocation | CURRENT SAPA 10 MID Allocation |
|---|---|---|---|---|
| Administration | $11,826,450 | $11,826,450 | $0 | $9,461,160 |
| Planning | $3,180,000 | $3,180,000 | $0 | $2,544,000 |
| Homeowner Recovery Program | $154,619,937 | $197,506,532 | $142,904,282 | $158,005,226 |
| Small Rental | $0 | $0 | $0 | $0 |
| Multi-Family | $30,995,707 | $19,516,018 | $19,516,018 | $19,516,018 |
| Public Housing Restoration | $13,406,906 | $0 | $0 | $0 |
| Small Business Recovery | $4,500,000 | $4,500,000 | $3,150,000 | $3,600,000 |
| Infrastructure Recovery | $18,000,000 | $0 | $0 | $0 |
| **TOTAL** | **$236,529,000** | **$236,529,000** | **$165,570,300** | **$193,126,404** |
| **% OF TOTAL ALLOCATION** | **100%** | **100%** | **70%** | **82%** |

Of the allocated amounts, at least 80 percent of the total funds provided to the state of North Carolina will address unmet needs in HUD's Most Impacted and Distressed (MID) counties of Cumberland, Edgecombe, Robeson, Wayne, and as of June 21, 2019, Bladen and Columbus. Non-MID counties, including Anson, Beaufort, Bertie, Brunswick, Camden, Carteret, Chatham, Chowan, Craven, Currituck, Dare, Duplin, Franklin, Gates, Greene, Halifax, Harnett, Hertford, Hoke, Hyde, Johnston, Jones, Lenoir, Martin, Moore, Nash, New Hanover, Northampton, Onslow, Pamlico, Pasquotank, Perquimans, Pitt, Richmond, Sampson, Tyrrell, Wake, Warren, and Wilson remain eligible for the remaining 20 percent of CDBG-DR assistance. Recent guidance provided by HUD on the use of Florence MID areas allows for expenditures in Brunswick, Carteret, Craven, Duplin, Jones, New Hanover, Onslow, Pamlico, Pender, and Scotland to meet the MID expenditure requirement.

A minimum of 70 percent of the total CDBG-DR program funds will be used to support activities benefitting low- and moderate-income persons.

## 6.1 Allocation Changes – Action Plan Amendment 9

Action Plan Amendment 9 introduced several changes to allocations including the reallocation of the Small Rental Recovery Program funds to support the Homeowner Recovery Program and the Infrastructure Recovery Program. This reallocation was made in consideration of the amount of funding dedicated to multi-family housing support and other affordable housing programs across both the Matthew CDBG-DR and Florence CDBG-DR grants and the projected increased funding needs for current operating activities.

Construction cost overruns experienced by the Homeowner Recovery Program are expected to also impact the cost of delivering infrastructure recovery. To address that expected need, a funding contingency has been added to the Infrastructure Recovery Program to permit NCORR to quickly make decisions on scope changes and proposed cost changes without requiring an action plan amendment for every change in cost. Although increased costs are anticipated, costs must remain reasonable and necessary to be considered for CDBG-DR funds for these activities. Activity cost changes that are realized during activity delivery will be documented in future action plan amendments.

## 6.2 Allocation Changes – Action Plan Amendment 10

Action Plan Amendment 10 presents additional allocation updates. The reallocation of the Multi-Family program funds and transfer of the Public Housing Restoration and Infrastructure funds to the CDBG-MIT Action Plan further strengthens the ongoing recovery efforts of the Homeowner Recovery Program. Such reallocations are in consideration of the amount of funding dedicated to multi-family housing support and other affordable housing programs across both the Matthew and Florence CDBG-DR grants; continued anticipated increased funding needs for currently operating activities; and, a realignment of longer-term resilience and mitigation activities, such as those in the Public Housing Restoration and Infrastructure programs, with the objectives of the CDBG-MIT funds.

As detailed in Action Plan Amendment 9, construction cost overruns experienced by the Homeowner Recovery Program are expected to continue impacting the cost of delivering disaster recovery efforts. To address such expected need and the potential impacts of economic inflation, additional funds have been reallocated to the Homeowner Recovery Program. Although these increased costs and economic impacts are anticipated, NCORR will ensure that costs remain reasonable and necessary to be considered for CDBG-DR funds. Activity cost changes that are realized during activity delivery will continued to be documented in future action plan amendments.

Reference Appendix F for an analysis of estimated unmet need across CDBG funding sources to inform State allocation changes.

## 6.3 MID Allocation of Funding

In accordance with the State's Citizen Participation Plan, the CDBG-DR program held several public meetings throughout the impacted regions to review the State's Action Plan and proposed activities eligible for the first allocation of CDBG-DR funding resulting from Public Law 114-254. These meetings were held during the months of June, July and August 2017 and were targeted to County Managers, Emergency Management Personnel, Planners and Community Development Specialists. The meetings highlighted the total amount of funding ($198,553,000) that the State received for the DR program and potential amount of funding by activity that would be made available to both MID and Non-MID counties as well as the process for applying for funding. Public comments were also submitted and included as part of the State's initial Action Plan.

After the first Action Plan, the State of North Carolina was provided an additional $37,976,000, bringing the total CDBG-DR allocation to $236,529,000 under Public Laws 114-254 and 115-31. This additional funding was amended into the first Substantial Action Plan Amendment in which public commentary was considered and included as part of the plan.

The Federal Register Notices for both State allocations require the expenditure of 80 percent of CDBG-DR funding in the "most impacted and distressed areas" which include the counties of Cumberland, Edgecombe, Robeson, Wayne, and as of June 21, 2019, Bladen, and Columbus. The breakdown of available funding for MID counties is as follows:

| Federal Register Notice | CDBG-DR Allocation | MID Counties Allocation |
|---|---|---|
| Public Law 114-254 | $198,553,000 | $158,842,400 |
| Public Law 115-31 | $ 37,976,000 | $30,380,800 |
| **TOTAL** | **$236,529,000** | **$189,223,200** |

As required, a minimum of $189,223,200 will be disbursed in MID Counties in order to address unmet needs in all program areas. Existing subrecipient agreements with MID Counties will be adjusted as funds are re-allocated and/or as specific projects are approved.

## 6.4 Non-MID Allocation of Funding

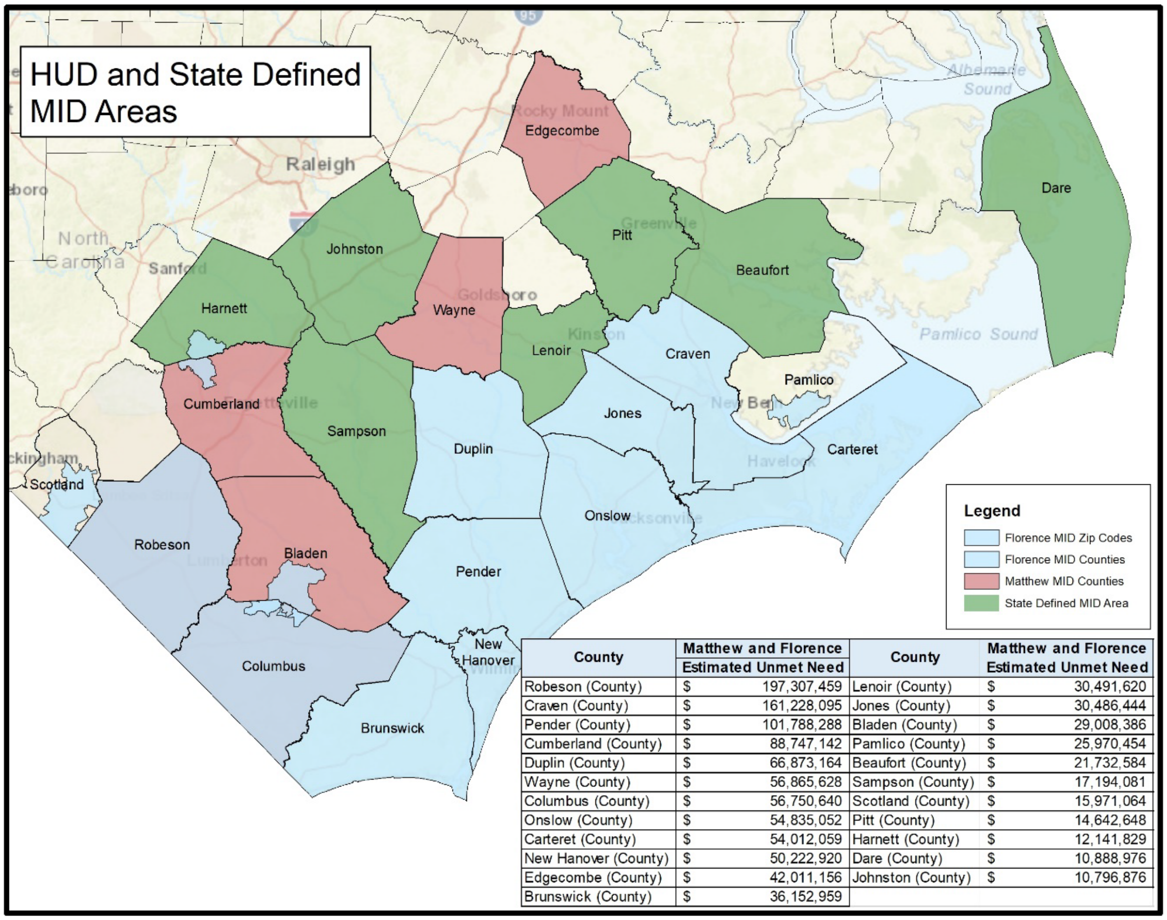
Funding is currently available to Non-MID Counties for CDBG-DR projects. Non-MID county funding will be obligated, de-obligated, or re-allocated to specific projects as detailed applications are reviewed and approved by NCORR as part of an application process. Existing subrecipient agreements with certain Non-MID Counties will be adjusted as funds are reallocated and/or specific projects are approved.

## 6.5 State-Identified MID Areas

In consideration of the unique recovery needs created by the large area of the State that was impacted by both Hurricane Matthew and Hurricane Florence, NCORR conducted an analysis of damage to areas that were impacted by both storms. In adherence with the allocation methodology outlined in Appendix A for both 82 FR 5591 for Hurricane Matthew and 85 FR 4681 for Hurricane Florence, NCORR calculated an estimated unmet need for both events combined. This analysis used the Major-Low, Major-High, and Severe damage categories for both events 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-identified MID is greater than $10 million in combined losses at the county level for both storm events.

The result is the addition of seven counties which are considered the State-identified MID areas. These counties are Beaufort, Dare, Harnett, Johnston, Lenoir, Pitt, and Sampson.

### Figure 9 - State-Identified Most Impacted and Distressed Areas




| County | Matthew and Florence Estimated Unmet Need | County | Matthew and Florence Estimated Unmet Need |
|---|---|---|---|
| Robeson (County) | $ 197,307,459 | Lenoir (County) | $ 30,491,620 |
| Craven (County) | $ 161,228,095 | Jones (County) | $ 30,486,444 |
| Pender (County) | $ 101,788,288 | Bladen (County) | $ 29,008,386 |
| Cumberland (County) | $ 88,747,142 | Pamlico (County) | $ 25,970,454 |
| Duplin (County) | $ 66,873,164 | Beaufort (County) | $ 21,732,584 |
| Wayne (County) | $ 56,865,628 | Sampson (County) | $ 17,194,081 |
| Columbus (County) | $ 56,750,640 | Scotland (County) | $ 15,971,064 |
| Onslow (County) | $ 54,835,052 | Pitt (County) | $ 14,642,648 |
| Carteret (County) | $ 54,012,059 | Harnett (County) | $ 12,141,829 |
| New Hanover (County) | $ 50,222,920 | Dare (County) | $ 10,888,976 |
| Edgecombe (County) | $ 42,011,156 | Johnston (County) | $ 10,796,876 |
| Brunswick (County) | $ 36,152,959 | | |

These state-identified areas are for recovery planning purposes and for a deeper understanding of the hardest hit dual impacted areas of the State. While expenditures in these state-identified MID areas do not meet the 80 percent expenditure requirement set by HUD, they do satisfy the requirement set at 85 FR 4686 which reiterates that:

> *"CDBG–DR grants in response to Hurricane Matthew may be used interchangeably and without limitation for the same activities that can be funded by CDBG–DR grants in the most impacted and distressed areas related to Hurricane Florence. Additionally, all CDBG–DR grants under the 2018 and 2019 Appropriations Acts in response to Hurricane Florence may be used interchangeably and without limitation for the same activities in the most impacted and distressed areas related to Hurricane Matthew."*

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# 7.0 Method of Distribution & Delivery

The HUD designated Grantee is the North Carolina Office of Recovery and Resiliency (NCORR). In addition to Program Administrative and Planning funding, NCORR, as the Grantee, will be responsible for managing the majority of CDBG-DR programs to include the Homeowner Recovery Program, Small Rental Recovery, and Strategic Buyout Programs. The North Carolina Department of Commerce (NCDOC), acting as a subrecipient to NCORR, will manage the Small Business Recovery Assistance Program in conjunction with Community Development Financial Institutions (CDFIs). The North Carolina Housing Finance Authority (NCHFA) will be subgranted funds to execute the Multi-Family Rental Housing Program. Counties executing program delivery will be responsible for administering Community Recovery/Infrastructure Programs. In some instances, counties executed elements of the Homeowner Recovery Program. These roles are indicated on Table 22. If requested by a county, NCORR may enter into a subrecipient agreement with municipalities within the county, or with other non-federal entities such as public housing authorities, to carry out CDBG-DR programs within the county.

Supplemental to the Method of Distribution for CDBG-DR funding, Table 22 depicts the method of delivery for the Homeowner Recovery Programs for counties that have elected not to participate in the State-Centric model managed by NCORR. While most affected counties have elected to participate in the state-centric model managed by NCORR, some have chosen to become Subrecipients and administer all or a portion of housing assistance provided by the Homeowner Recovery Program. Table 22 depicts the 8-steps of the Homeowner Recovery Program and the method of program delivery in each county not participating in the state-centric model. Note that only counties which are participating in program delivery are depicted. If a county is not included in the table, the State-Centric model applies. As of Substantial Action Plan Amendment 6, the State administers all aspects of the Homeowner Recovery Program. Table 22 is included only to record past program administration efforts.

**Table 22: Method of Program Delivery for CDBG-DR Homeowner Recovery Programs (Prior to Amendment 6)**

| | 1 Step 1 Application | 2 Step 2 Eligibility Review | 3 Step 3 Duplication Check | 4 Step 4 Inspection & Environmental Review | 5 Step 5 Grant Determination | 6 Step 6 Contractor Selection | 7 Step 7 Construction | 8 Step 8 Completion |
|---|---|---|---|---|---|---|---|---|
| Cumberland | C | S | S | S | S | S | S | S |
| Edgecombe | C | S | S | S | S | S | S | S |
| Robeson | C | C | C | C | C | C | C | C |
| Wayne | C | S | S | S | S | S | S | S |

S=State-Centric Activity administered by NCDEM
C=County-Centric Activity administered by the *County and/or Municipality*

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# 8.0 Recovery Programs

The State's initial Action Plan created a suite of disaster recovery programs to address the impacts from Hurricane Matthew. Occasionally, some program requirements and caps are adjusted to address any potential unmet needs that may arise. The following sections of the Action Plan describe each program in detail.

## 8.1 Homeowner Recovery Program

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 new construction 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 to use modular home construction as a viable replacement for reconstruction and certain manufactured home unit (MHU) replacement work. Homeowner Recovery Programs will be administered by NCORR. Available homeowner assistance is listed below.

### 8.1.1 Homeowner Rehabilitation and Reconstruction

For homeowners who wish to remain in their homes or rebuild on their existing property, the program will provide grants for rehabilitation or reconstruction. Applicants eligible for rehabilitation assistance may reach a level of repair scope, cost, or other situation in which reconstruction, instead of rehabilitation, is more feasible. Building a new stick-built home on a different site is also allowable in certain situations, as set forth in the HRP Policy. The method of determining the construction intent (rehabilitation or reconstruction/new construction) will be outlined in detail in the *ReBuild NC Homeowner Recovery Program Manual* and may change over time.

### 8.1.2 Manufactured Home Repair or Replacement

Manufactured homes 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. Replacing a damaged MHU on a different site is allowable in certain situations, as set forth in the HRP Policy.

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.

### 8.1.3 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 for assistance to the program or September 14, 2018, whichever occurred first. Applicants earning between 80 percent AMI and 120 percent AMI may be eligible for a reimbursement if a hardship is demonstrated to the Program.

Homeowners that performed Emergency Repairs after the “stop work” period (from the time of the application until completion of the Tier II environmental review) 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.

### 8.1.4 Elevation Assistance

In addition to assistance for rehabilitation, reconstruction, and MHU replacement, homeowners may receive elevation assistance to ensure that their homes are elevated. Elevation assistance is provided in addition to the rehabilitation and reconstruction award limits. The elevation assistance maximum for rehabilitation awards is a $/SF cap based on the conditions of the project and limited to the actual cost of elevation. Applicants that meet the criteria to be elevated (defined below) are offered resilient reconstruction as an alternative to the rehabilitation and elevation scope of work. 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 a suitable alternative to reconstruction. This determination is based on the cost of elevation compared to a safer, more resilient, and mitigated reconstruction project. NCORR has accordingly adjusted the elevation program to be supplemental to the reconstruction program and is not offered as a part of the rehabilitation scope. Applicants may appeal to have their property elevated as a part of a rehabilitation rather than reconstructed. 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.

**Mandatory Elevation**

- Properties located within the 100-year floodplain that meet the FEMA definition of substantially damaged, will be substantially improved, or meet the Program reconstruction threshold and not yet elevated 2 ft. above base flood elevation (BFE) or 2 ft. above an interior high-water mark.

- Properties located within a Disaster Risk Reduction Area (DRRA) as formally adopted by NCORR, within or outside of the 100-year floodplain must also meet this requirement. DRRA adoption is effective as of the date that the DRRA was finalized by NCORR and approved by NCORR Senior Staff. Applicants who completed construction prior to the effective date of the DRRA, or applicants who are undergoing CDBG-DR funded construction (i.e. the contractor has been issued a notice to proceed) for rehabilitation, reconstruction, or MHU replacement prior to the date of DRRA adoption are not retroactively affected by the DRRA adoption.
- Properties that are required to be elevated by local ordinance or by the local code enforcement officials within and outside of the 100-year floodplain.

At a minimum, homes will be elevated to two feet above the BFE as required by HUD or at least 2 ft. above the interior documented water marks as measured by the assessor, whichever documented water level is highest and reasonable. The Program is unable to elevate structures that are situated on leased land unless the permission of the landowner is secured.

**Optional Elevation**

- Properties outside of the 100-year floodplain that:
  - Sustained at least six inches of interior water damage during Hurricane Matthew or Hurricane Florence and/or sustained water damages from both Hurricanes Matthew and Florence due to flooding and not roof or other "horizontal" water penetration; and
  - Are considered to be "substantially damaged" or will be "substantially improved" by the Program, as determined by program policies or the local jurisdiction or meet the Program's "not suitable for rehabilitation" threshold.

Applicants who qualify for an optional elevation will be provided the option to reconstruct. Applicants who do not wish to reconstruct must forgo the optional elevation component of their scope of work. Applicants outside of an area with a designated Base Flood Elevation (BFE) that request optional elevation will be required to elevate their home above the height of interior documented water marks as measured by the Assessor. The Program is unable to elevate structures that are situated on leased land unless the permission of the landowner is secured. If permission cannot be secured, the applicant must forgo the optional elevation.

### 8.1.5 Flood Insurance Assistance

LMI homeowners whose damaged home is located in the 100-year floodplain may be eligible for payment of their flood insurance premiums for up to $2,000 and a maximum of two years.

### 8.1.6 Application Process

North Carolina citizens who were directly impacted by the disaster who are located in an eligible county can 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. 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.

### 8.1.7 Allocation for Homeowner Recovery Activities

$197,506,532

### 8.1.8 Maximum Award

**Homeowner Rehabilitation:** up to $20,000 per home. This cap has been adjusted to prioritize resilient reconstruction rather than rehabilitation of damaged property. Projects that were offered an award under the previous threshold ($70,000) will have that award type honored and will not need to agree to a new award.

- Additional assistance is available for structural elevation, consistent with the elevation assistance cost calculation found in the Elevation SOP, based on actual elevation costs.
- Costs necessary to perform lead abatement and/or asbestos remediation are in addition to the program cap. Reasonable and necessary costs for lead abatement and asbestos remediation will be paid as needed separate from the program cap of $20,000.
- Unforeseen circumstances identified by a construction contractor, engineer, or architect may result in change orders which exceed the $20,000 cap. Change orders will be reviewed to ensure that costs are necessary and reasonable. Change orders that increase the costs of the rehabilitation above the $20,000 cap may be allowable based on a review of the facts and circumstances of each change order proposed.

The minimum amount of rehabilitation assistance needed to participate is $1,000.

LMI applicants located in the 100-year floodplain may also receive up to $2,000 in Flood Insurance Assistance.

**Homeowner Reconstruction:** The Program will provide awards necessary to completely reconstruct the damaged property, and in some circumstances, build the property on a new site, including demolition and removal of the original structure. The specific award amount is capped based on the size of the applicant's selected floorplan. Additional funds may be provided above the award cap to address site-specific accessibility needs (i.e. ramps and lifts), environmental issues, resiliency/mitigation measures, elevation requirements, and municipal ordinances, as needed.

**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. The conditions for exceeding the program cap specified in the 'Maximum Award' section of the Homeowner Rehabilitation Program are also in effect for the Reimbursement Program. Costs are only reimbursable if expended after Hurricane Matthew and prior to application for CDBG-DR assistance or September 14, 2018, whichever occurred first.

New applicants to 2020 programs must earn equal to or less than 80 percent AMI as previously stated above. Applicants earning between 80 percent AMI and 120 percent AMI may be eligible for a reimbursement if a hardship is demonstrated to the Program.

**Mobile/Manufactured Home Repair:** Up to $5,000 per applicant for homes with damages totaling between $1,000 and $5,000. For new applicants in 2020, double-wide and larger MHUs may be repaired when damaged between $1,000 and $10,000.

**Manufactured Home Replacement:** The Program will provide awards necessary to replace the damaged MHU, including demolition and removal of the original structure. MHUs may be replaced on a different site in certain situations. ADA compliant units are available for applicants that require those accommodations. Awards cover the cost of the unit as well as delivery, installation, and setup of the selected unit. Environmental remediation and accessibility features such as ramps or lifts are included in the award cost. An additional allowance is available for structural elevation.

**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 based on rate schedules developed by NCORR. This benefit is in addition to program caps for construction assistance.

Uniform Relocation Act (URA) policies and notification requirements will be followed to assist any tenants who are temporarily or permanently displaced due to program activities.

**Table 23 - Homeowner Recovery Program Maximum Award Amounts**

| Program | Maximum Awards and Clarifications |
|---|---|
| Rehabilitation | Up to $20,000 per home. Does not include costs for lead abatement, asbestos remediation, accessibility costs (including disability accessible ramps or lifts), and unforeseen conditions necessitating an approved, reasonable change order. |
| Reimbursement | The Program cap for reimbursement is the same as the activity being reimbursed. For example, a rehabilitation reimbursement is capped at $70,000 per home. |

| Program | Maximum Awards and Clarifications |
|---|---|
| Reconstruction | The Program will provide awards necessary to completely reconstruct the damaged property, including demolition and removal of the original structure. The specific award amount is capped based on the size of the applicant's selected floorplan. Additional funds may be provided above the award cap to address site-specific accessibility needs (i.e. ramps and lifts), environmental issues, resiliency/mitigation measures, elevation requirements, and municipal ordinances, as needed. |
| MHU Repair | Up to $5,000 for single-wide units and up to $10,000 for double wide units. |
| MHU Replacement | The Program will provide awards necessary to replace the damaged MHU, including demolition and removal of the original structure. ADA compliant units are available for applicants that require those accommodations. Awards cover the cost of the unit as well as delivery, installation, and setup of the selected unit. Environmental remediation and accessibility features such as ramps or lifts are included in the award cost. An additional allowance is available for structural elevation. |
| Elevation Assistance | The Program will provide grant funds in order to elevate structures to comply with program or local elevation requirements, whichever standard is greater. Elevation costs are separate from other program award caps. Costs associated with structural elevation are determined based on the activity. Eligible elevation costs are included in the HRP Policy Manual. |
| Temporary Relocation Assistance (TRA) | The Program will pay reasonable costs based on rate schedules developed by NCORR to cover the amount of time an applicant must be temporarily relocated out of the unit while it is repaired, replaced, or reconstructed. |
| Flood Insurance Assistance | Up to $2,000, and a maximum of two years of assistance. |

### 8.1.9 National Objective

LMI, Urgent Need.

### 8.1.10 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.

### 8.1.11 Geographic Eligibility

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

### 8.1.12 Priorities

LMI households will be prioritized for assistance.

### 8.1.13 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.

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 requirements are indicated below.

Homeowner Reimbursement will be limited to homeowners with incomes up to 80 percent AMI as stated above. Applicants earning between 80 percent AMI and 120 percent AMI may be eligible for a reimbursement if a hardship is demonstrated to the Program. Temporary Relocation Assistance is limited to those earning 120 percent AMI or less unless a hardship is demonstrated by the applicant.

Flood Insurance Assistance is limited to LMI applicants (80 percent AMI) located in the 100-year floodplain.

### 8.1.14 Program Start Date

Q3 2017

### 8.1.15 Projected End Date

Q3 2023

## 8.2 Multi-Family Rental Housing Program

The Multi-Family Rental Housing Program has been designed to provide financing to repair majorly to severely damaged rental housing in the most impacted communities, and to create new affordable multi-family housing for LMI renters in the most impacted communities. The Multi-Family Rental Housing Program may also fund the one for one replacement of demolished units within the 100-year floodplain to a new location outside of the 100-year floodplain. The program will be administered by the North Carolina Housing Finance Authority (NCHFA) on behalf of NCORR. NCHFA will loan CDBG-DR funds to qualified developers to execute construction of new multi-family facilities. NCORR will monitor NCHFA to ensure compliance with the Action Plan and adherence to the Multi-Family Rental Housing Program policies and procedures, as well as crosscutting federal statutory requirements. NCHFA will determine what reasonable rent is based on the nature of the project.

A project originally submitted for consideration for Infrastructure Recovery Program funds was previously reallocated to the Multi-Family Rental Housing budget. This project was in Cumberland County and is not managed by NCHFA. The overall allocation for Multi-Family Rental Housing is increased in Action Plan Amendment 8 consideration of this project. Action Plan Amendment 8 also included an additional $5.1 million in contingency to allow NCORR flexibility to review and potentially approve increased construction costs if they arise.

### 8.2.1 Allocation for Activity:

$ 19,516,018

### 8.2.2 Maximum Award

Up to $53,000 per unit for rehabilitation. Up to $150,000 per unit for reconstruction or new construction. The State, upon review of applications for this Housing Program, reserves the right to alter the maximum award based on applications and may on a case-by-case basis utilize this exception policy to address specific rental housing needs. The conditions through which the program maximum award can be exceeded will be detailed in program policies and procedures and NCORR will document when the exception is applied.

### 8.2.3 National Objective

LMI

### 8.2.4 Eligible Activity

Sec. 105 (a) (1) (3) (4) (5) (6) (7) (8) (9) (10) (11) (13) (14) (15) (16) (20) (23) (25) Rehabilitation; Reconstruction, Acquisition; New Residential Construction; Relocation, Demolition and Clearance, Non-Federal Match, Construction of Housing.

### 8.2.5 Geographic Eligibility

Rental housing must be located in a damaged-declared county eligible to receive HUD funds.

### 8.2.6 Priorities

Priority will be given to projects located in the most impacted and distressed counties. Priority will also be given to projects that leverage other resources and produce new housing that is sustainable, integrated with neighborhood services and jobs, and provides deeper affordability. For the exception of the reallocated Cumberland County project, projects will be selected through a competitive application process overseen by NCHFA.

### 8.2.7 Eligible Applicants

Developers and local government entities building rental housing reserved for households earning less than 80 percent of AMI. Projects must be multi-family new construction or substantial rehabilitation, consisting of more than eight units.

### 8.2.8 Projected Start Date

Q3 2019

### 8.2.9 Projected End Date

Q4 2023

## 8.3 Strategic Buyout Program

Homeowners who do not wish to remain at their damaged address may be eligible for participation in the Strategic Buyout Program if their property is located in an NCORR approved Disaster Risk Reduction Area (DRRA). The Strategic Buyout Program will be funded through the CDBG-MIT grant. Aligning the Strategic Buyout Program under a single funding source with a single set of rules and requirements simplifies the implementation of this program and better supports the mission of CDBG-MIT as a grant focused on long-term mitigation and resiliency. Future amendments to the Matthew CDBG-DR Action Plan will not include this activity.

Individuals interested in the Strategic Buyout Program are encouraged to visit https://rebuild.nc.gov/mitigation to learn more. Further information on the Strategic Buyout Program is also included in the CDBG-MIT Action Plan, found at https://rebuild.nc.gov/action-plans.

## 8.4 Public Housing Restoration Fund

The State's initial Action Plan created the Public Housing Restoration Fund with an allocation totaling to $13.4 million across the initial Action Plan and subsequent Substantial Amendments. The types of activities that PHAs can engage in, including using funds to cover the non-federal share or local match from FEMA PA program and engaging in activities that make facilities and units more resilient to future storm events, have also been added.

The $13.4 million previously allocated to the Public Housing Restoration Fund have been reallocated to the CDBG-MIT Action Plan. The reallocation further strengthens the ongoing recovery efforts of the Homeowner Recovery Program. The reallocation is also in consideration of a realignment of longer-term resilience and mitigation activities, such as those in the Public Housing Restoration Fund, with the objectives of the CDBG-MIT funds. Refer to the State's Mitigation Action Plan for more details on these activities.

## 8.5 Small Business Recovery Assistance

The State's initial Action Plan created the Small Business Recovery Assistance Program providing forgivable loans to impacted businesses after highlighting the significant damages that small businesses suffered as a result of Hurricane Matthew. For the purposes of the programs detailed herein, economic revitalization is not limited to activities that are ''special economic development'' activities under the Housing and Community Development (HCD) Act, or to activities that create or retain jobs. For CDBG-DR purposes, Economic Revitalization can include any activity that demonstrably restores and improves some aspect of the local economy; the activity may address job losses, or negative impacts to tax revenues or businesses. All Economic Revitalization activities must address any economic impact(s) caused by the disaster (e.g., loss of jobs, loss of public revenue). At the time of unmet needs analysis, 10,419 North Carolina small businesses had applied for assistance with SBA with business types ranging from, retail operations, entertainment, and tourism-based businesses to industries that support the agricultural and fishing sectors. While many businesses were impacted by Matthew, unfortunately, two-thirds of businesses that applied for an SBA business loan were denied funding, due to SBA's tightened credit requirements, reporting requirements, and repayment stipulations, leaving a large amount of unmet need.

The Small Business Recovery Assistance Program is administered by NCDOC on behalf of NCORR. A total allocation of $4,500,000 is allocated to complete delivery of this program.

### 8.5.1 Program Description

The Small Business Recovery Assistance Program will be administered by the NCDOC who has expertise and experience working with small businesses providing resources and technical assistance. The NCDOC also has relationships with key partners including Small Business Development Centers (SBDCs) and Community Development Financial Institutions (CDFIs) located in the impacted areas. This lending program is being carried out through multiple

Community Development Financial Institutions (CDFIs), established as program subrecipients. The NCDOC has begun to implement this recovery program.

Funding of up to $300,000 per business can be used to address unmet recovery needs and to rehabilitate small businesses that were damaged from Hurricane Matthew. This includes using funds to address storm-related business losses, repair or replace and install furniture fixtures and equipment, provide working capital, pay for marketing costs, operating expenses, and inventory or to undertake storm-related repairs in the future. The Small Business Loan Program will provide small businesses the financial support needed to stabilize their business operations. Standard, uniform, underwriting procedures will be followed by the program CDFI's in determining both capacity and amount of loan per business and will be documented in the programs policy and procedures manuals and provided online at the ReBuild NC website.

The program will enable a broad spectrum of activities to support the varied needs of businesses and communities recovering from the Matthew. By expanding assistance to include a comprehensive range of economic development activities, the State and local governments will also have the opportunity to address economic impacts of the disaster in such a way that aligns with the long-term economic development goals of impacted communities. Additional activities supporting the business sector may include: small business technical assistance, commercial redevelopment or enhancement by public or private entities, development of public facilities related to economic development, industry cultivation and/or preservation, workforce training or development, planning for economic growth, and other activities to catalyze the state's economic recovery. Eligible activities may also include infrastructure development for economic revitalization purposes as well as mitigation, resiliency, and green building efforts to protect, strengthen, and increase efficiency of such investments. Through this comprehensive approach to revitalize, the State will be able to support communities as they rebuild and grow.

### 8.5.2 Allocation for Activity

$4,500,000

### 8.5.3 Maximum Award

Up to $300,000 per business.

### 8.5.4 Activity Type

Reimbursement, repair, replacement, or rehabilitation of damaged facilities and equipment, business operating losses, inventory, and customer base.

### 8.5.5 National Objective

LMI, Urgent Need.

### 8.5.6 Eligible Activity

Sec. 105 (a) (1) (2) (4) (8) (11) (14) (15) (17) (21) (22) (24) 42 U.S.C. 5305(a) (14) (15) (17) (22); Economic Revitalization FR– 5696–N–01 (VI) (D);

Applicants can use funds to address business operation losses that were already incurred (reimbursement for the repair and/or replacement of damaged structures and equipment) or to undertake remaining repair and business rebuilding and expansion costs.

In addition to providing direct assistance to impacted small business through the loan program mentioned above and assisting microenterprise and special economic development activities needed to restore commercial activity, the program can use economic revitalization efforts to enable a multi-pronged approach to ensure the businesses in North Carolina's most impacted areas are provided the support they require. This includes: financial and technical assistance to microenterprise, small and medium-sized businesses coordination of priority projects and to key economic revitalization needs identified within the County Resiliency Reconstruction Plans.

Aligning with state and local long-term economic development priorities, financial support can be provided to impacted communities for economic revitalization efforts including, but not limited to:

- Prioritized economic revitalization assistance to impacted LMI communities.
- Workforce training in key economic sectors.
- Development of high-growth industry clusters.
- Revitalization and preservation of key industry sectors including agriculture and fisheries.
- Rebuilding and expansion of infrastructure to attract and retain businesses and improve job access.
- Rebuilding and development to mitigate and increase resiliency for future impacts.
- Conducting planning activities to develop comprehensive revitalization and development plans.
- Enhancement of public facilities promoting economic development, including but not limited to: streetscapes, lighting, sidewalks, other physical improvements to commercial areas, and other activities for transformative projects such as property acquisition, demolition, site preparation and infrastructure repair and installation.

### 8.5.7 Geographic Eligibility

Small Businesses located in one of the damaged-declared counties.

### 8.5.8 Priorities

80 percent of program funds are set aside for services within the most impacted counties.

### 8.5.9 Eligible Applicants

Any SBA/NC defined Small Business or agriculture enterprise who has documented unmet recovery needs related to Hurricane Matthew, or will contribute to the economic recovery of one of the damage-declared counties through the addition of jobs and added economic activity to the community. Eligible applicants may also include local and county governments and nonprofits, who are engaged in activities that support small business economic recovery in the most impacted areas.

### 8.5.10 Projected Start Date

Q1 2019

### 8.5.11 Projected End Date

Q3 2023

## 8.6 Infrastructure Recovery Program

Previously, the Infrastructure Recovery Program refocused on infrastructure repair and new infrastructure development as a tie-back to the housing recovery need. Funding in this program was be used to address a wide range of community recovery and infrastructure needs including engaging in projects that restore, repair, rebuild, or make more resilient public assets that were impacted by Matthew.

After a review of the housing programs available and in response to increased demand for Homeowner Recovery Program activity, the CDBG-DR Matthew Infrastructure Recovery Program has had its allocation removed. Necessary infrastructure to support housing may be included as a part of a scope of work for affordable housing projects funded by the Affordable Housing Development Fund. The Infrastructure Recovery Program will be funded through the CDBG-MIT grant in order to better support the mission of CDBG-MIT as a grant focused on long-term mitigation and resiliency. NCORR may reevaluate the need and resources available for infrastructure recovery at a later date.

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# 9.0 General Eligibility 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 Matthew's impact, the owner of the building and/or property may not be eligible for additional federal assistance for the repair, replacement, or restoration of that property.

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# 10.0 Leveraging

The State's initial Action Plan and through this Amendment has described how, given the limited resources and large amount of unmet need, the State would need to leverage and maximize every available resource to address the recovery needs from Matthew. Since the posting of the original Action Plan, the State has continued to advance strategies that will maximize Federal funds, and is looking at innovative strategies and techniques that other States who are recovering from disasters are employing to repair, rebuild, and make more resilient public and private assets. The State continues to look for additional funding to address large unmet needs in three primary areas;

1. Funds in the housing and Homeowner Assistance Programs;
2. Funds for the Community Recovery Program/Infrastructure Recovery Program that will not only address public assets that were damaged by Matthew but also funding for innovative projects identified through the planning process that will make communities more resilient to future storm events; and
3. Targeted recovery funds for the business community focusing on the needs of rural businesses and key industry sectors including the agriculture industry.

The State is committed to maximizing the impact and use of all CDBG-DR funds. This includes ensuring that all other available funds available for recovery are utilized before CDBG-DR funds are used; continuing to work in close coordination with other local, State, and federal agencies, to address North Carolina's recovery needs; and, when feasible, combining CDBG-DR funds with other public and private investment as a means to increase the overall benefit to impacted residents, families, businesses, and communities.

The State of North Carolina most recently introduced and identified Opportunity Zones as part of its effort to leverage additional funding and maximize other community investment opportunities as part of the overall recovery strategy across the state in the areas impacted by the storm. This new federal program was created by the recently passed federal tax legislation, known as the *Tax Cuts and Jobs Act* (H.R.1). North Carolina's Governor designated 252 Opportunity Zones throughout the state on May 18, 2018. Of these 252 zones, 50 of them correlate with counties that have been impacted by [both] Hurricanes Matthew and Florence. The complete list of North Carolina Opportunity Zones can be downloaded here: https://public.nccommerce.com/oz/

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# 11.0 Program Income

In the previously submitted Action Plan, the State described how any program income that is derived will be utilized to address remaining unmet recovery needs within the program area where the program income was derived. This Action Plan Amendment modifies how the State will address program income. In the event that the State receives program income from a project, the State will assess and determine how to allocate the program income to other recovery programs that maintain unmet recovery needs. The determination of what program to allocate the funding will be based on existing program priorities, determining what remaining unmet needs have not been addressed with prior CDBG-DR funding, and prioritizing what programs are in the most urgent need. While throughout the life of this recovery program priorities are expected to change, the State currently estimates the program area with the most pressing unmet recovery need is housing. In the event that program income results from economic revitalization and development projects or from assisting small business through the planned revolving loan program, to address other recovery needs in the housing or infrastructure recovery program areas, the State may use the program income generated from those programs and create a revolving loan fund for future generations of loans to address remaining unmet recovery needs and community recovery and revitalization objectives that are consistent with the policies and procedures of the program.

The State will retain up to 5 percent of any funds to address unanticipated administrative costs resulting from the program income. The maximum 5 percent administrative cap will be maintained for the overall total of CDBG-DR funds including program income. In the case that program income is generated through an activity that a subrecipient undertakes, the State, in consultation with the sub-recipient, may determine that program income will remain with the subrecipient, providing the activity or activities in the subrecipient agreement continue to have unmet need. The State reserves the right to have the program income be returned to the State to address other unmet recovery needs. In the case of a subrecipient which maintains no remaining unmet needs, any program income shall be returned to the State. The State will then allocate the funds to programs and projects in a manner consistent with this policy. The State's administrative policy and procedure manual will document how reallocation of any program income will occur.

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# 12.0 Schedule of Expenditures and Outcomes

NCORR routinely updates the schedule of expenditures and outcomes section shown in the original Action Plan to adhere to its reporting requirements. The schedule of expenditures and outcomes is located at https://www.rebuild.nc.gov/reporting-and-compliance/reporting. All funds will be expended within six years of HUD's grant execution date.

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# 13.0 Minimum Threshold for Substantial Amendment

In the State's initial Action Plan, the State identified the thresholds which will trigger the requirement for a substantial amendment. Those thresholds being 1) a change in program benefit or eligibility criteria, 2) the addition or deletion of an activity or 3) allocation or reallocation of $5 million within the approved Action Plan activity allocations.

With the addition of Hurricane Matthew CDBG-MIT funds and Hurricane Florence CDBG-DR funds, NCORR is adjusting the minimum threshold for Substantial Action Plan Amendments to match the requirements set in those Action Plans. The revised criteria are:

1. A change in program benefit or eligibility criteria; or
2. The addition or deletion of an activity; or
3. An allocation or reallocation of $15 million or more.

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# 14.0 Green Building Standards for Construction and Contractor Oversight

The State will follow best practices such as those provided by the U.S. Department of Energy's Guidelines for Home Energy Professionals–Professional Certifications and Standard Work Specifications for homes that are rehabilitated. Reconstruction and replacement activities that include changes to the structural elements such as flooring systems, columns, or load bearing interior or exterior walls must incorporate Green Building Standards.

For homes that are rehabilitated or substantially rehabilitated, 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:

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

In some instances, NCORR has evaluated alternate proposed green building design standards for single-family residential reconstruction, such as a Home Energy Rating System (HERS) rating that provide a significant energy savings and alternate ENERGY STAR compliance, such as ENERGY STAR 2.0 for multi-family projects, and finds those building standards acceptable in lieu of the proposed standards above. These alternate building standards substantially conform to a comprehensive green building program. The specific green building design features and standards selected are included in each project file.

North Carolina will implement and monitor construction results to ensure the safety of residents and the quality of homes assisted through the program. All Single-Family, Rental and Manufactured Home repairs will comply with current HUD Decent, Safe, and Sanitary (DSS) standards. In addition, NCORR will ensure that applicants are aware of the risks associated with mold and take steps to limit the impact of any mold issues that may arise. Rehabilitation of non-substantially damaged structures must comply with the HUD CPD Green Building Retrofit Checklist available at https://www.hudexchange.info/resource/3684/guidance-on-the-cpd-green-building-checklist/, to the extent that the items on the checklist are applicable to the rehabilitation.

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)[4] also applies to buildings with four or more units. Titles II and III of the Americans with Disabilities Act also applies to public housing.

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/.

All program activities will meet HUD requirements for national objectives, which will be supported by documentation in the program file system of record. North Carolina is dedicated to prioritizing assistance toward residents that face the most financial barriers to recovery and fully intends to comply with the HUD Low-to-Moderate Income (LMI) national objective requirement of 70 percent of the total grant.

Residents will be required to provide household income information and supporting documentation at the time of application for processing and verification. North Carolina will apply a methodical approach to applicant assistance that assigns priority to program applicants based on household income and other social vulnerability factors.

The State will review files 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; and
- 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.

[4] Fair Housing Accessibility First. *Fair Housing Requirements.* https://www.fairhousingfirst.org/fairhousing/requirements.html

The FR allows individuals, businesses, and non-profits to be reimbursed for out-of-pocket repair costs that would have been covered under a CDBG-DR repair program if the program had existed at the time. This type of reimbursement is eligible for repairs made up to one year after the disaster, although an extension can be granted by HUD if requested by the Grantee on a case-by-case basis, or until application to the CDBG-DR repair program (whichever comes first). Before making these reimbursements, a retroactive environmental review must be done by the program. This is when State Historic Preservation Office (SHPO), Fish and Wildlife Service (FWS), and National Marine Fisheries Service (NMFS) will be contacted. These steps will be followed before any reimbursement for repairs is made by the State.

## 14.1 Broadband

The State's initial Action Plan, highlighted that all recipients receiving CDBG-DR funds for the substantial rehabilitation or new construction of residential units, with four or more units per structure, must include broadband infrastructure in accordance with program requirements. This requirement remains in force with this Action Plan Amendment.

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# 15.0 Duplication of Benefits (DOB)

Applicants to disaster 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.

## 15.1 Promissory Notes

In some instances, a homeowner may continue to face challenges reconciling other funds received to recover before receipt of CDBG-DR funds for homeowner recovery (the HRP). In lieu of requiring payment of these unreconciled funds, NCORR shall permit the use of a promissory note. Promissory notes are zero percent interest, unsecured notes for a defined term before reaching maturity.

In recognition that some LMI households may experience challenges making regular payments, NCORR would apply a payment-in-kind as credit on an annual basis for the household's continued occupancy of the rehabilitated, reconstructed, or replaced housing unit. This approach would only be available for LMI households and is not available for those that earn greater than 80% area median income. NCORR has determined that the monthly Fair Market Rent (FMR) applied on an annual basis after completion of the recovery work is a reasonable calculation of the value and compensation received from the LMI household for remaining in their dwelling. The compensation of the payment-in-kind is further derived from the value gained at the local and state level for sustained homeownership in a more disaster-resilient manner, which incentivizes wealth building for LMI households, maintains the tax base for local jurisdictions, limits the use of federal rental housing subsidies, and reduces potential repetitive losses due to subsequent disasters.

A household unable to be assisted by NCORR may experience housing instability as they ultimately are unable to repair their damaged home or fully recover from disaster. If faced with housing instability, the household may require assistance from other sources, such as housing vouchers, subsidized housing, or public housing units. The preservation of housing for LMI households is central of HUD's mission and the risk of losing housing for LMI households is real if a DOB issue is not able to be overcome. If not but for this concept, LMI households may be disproportionately affected and unable to participle in the recovery effort. Such considerations are central to the in-kind compensation gained from this method.

## 15.2 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 DRRA 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.

NCORR reviews and confirms DOB calculations at project closeout if there is reason to believe that the DOB calculation has changed. 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.*

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# 16.0 Monitoring Standards and Procedures

The State will begin monitoring shortly after commencement of contracted activities, and risk-based on-site monitoring will occur as appropriate to contracted activities and award amounts. The State will also conduct at least one on-site monitoring visit with each subrecipient prior to project completion, to verify funds were expended appropriately.

The State will implement its monitoring and compliance program for both state-managed and subrecipient-managed programs using policies and guidance that are designed to be consistent with the US HUD monitoring policies as defined in the HUD Monitoring Desk Guide: Policies and Procedures for Program Oversight. The Desk Guide is located at: http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_35339.pdf.

### 16.1.1 Summary of Monitoring Objectives

1. To determine if an entity is carrying out its grant-funded program, and its individual activities, as described in the Grant Agreement between the State of North Carolina and sub-recipients.
2. To determine if an entity is carrying out its activities in a timely manner, in accordance with the schedule included in the Agreement.
3. To determine if an entity is charging costs to the project which are eligible under applicable laws and federal regulations and reasonable in light of the services or products delivered.
4. To determine if an entity is conducting its activities with adequate control over program and financial performance, and in a way that minimizes opportunities for waste, mismanagement, fraud and abuse.
5. To assess if the entity has continuing capacity to carry out the approved project, as well as other grants for which it may apply.
6. To identify potential problem areas and to assist the entity in complying with applicable laws and regulations.
7. To assist entities in resolving compliance problems through discussion, negotiation, and the provision of technical assistance and training.
8. To provide adequate follow-up measures to ensure that performance and compliance deficiencies are corrected by entities, and not repeated.
9. To determine if any conflicts of interest exist in the operation of the federally funded program.
10. To ensure that required records are maintained to demonstrate compliance with applicable regulations, such as rent, occupancy, household income, meeting property standards, Fair Housing, Affirmative Action and Davis-Bacon wage rates.

11. To conduct site visits/inspections of CDBG-R assisted units to ensure that units are in full compliance with all applicable regulations, codes and ordinances.

### 16.1.2 Risk Analysis

The State will, at the beginning of each calendar year, conduct a monitoring Risk Analysis for all recipients of CDBG-DR funding. The Risk Analysis identifies risk criteria and establishes a baseline level of risk for each recipient on annual basis. The Risk Analysis is used to determine which recipients will need to receive an on-site monitoring visit during the funding year, the frequency of visits, and if additional reporting and monitoring requirements are necessary. Each criterion is weighted based on the level of risk indicated by each item and applicants that are selected for monitoring following the published procedures will be informed of the monitoring activity.

All recipients are assigned levels of monitoring based on the outcome of the above Risk Analysis criteria. A preliminary schedule of on-site monitoring visits is established at the beginning of the calendar year. The level of monitoring can be adjusted during the contract period for reasons such as non-compliance with contract provisions, failure to meet performance objectives, failure to submit accurate and timely reports, findings identified from on-site monitoring, staff turnover in key positions of the organization, and other identified changes that increase the risk of administering grant funds. Non-compliance by the recipients can result in suspension of funds, termination of the contract, and request for repayment of all funds provided under the contract.

### 16.1.3 On-Site Agency Monitoring

Prior to notifying organizations of an on-site monitoring, the monitoring staff will read the grant agreements, notes any late and/or incorrect submissions of invoices and performance reports, and reviews any previous monitoring letters, regardless of the funding source. The purpose of this review is to determine the scope of the monitoring visit prior to sending a letter notifying the organization of the visit.

Two weeks prior to conducting an on-site monitoring visit, a letter is sent to the organization. The letter confirms the dates and scope of the monitoring and indicates the information and/or documentation that will be reviewed.

Within 45 days of the monitoring visit, staff issues a monitoring letter noting any findings, concerns, and any resolutions discovered during the review. The letter is addressed to the appropriate staff member(s). Organizations will be given 30 days to respond to monitoring letters.

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# 17.0 Contractor Performance Standards and Appeals Process

In the State's initial approved Action Plan, the State outlined the contractor performance standards and appeals process, stating that 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. Licenses will confirm the required standards set forth by the applicable county, city and/or town code to conduct work within the jurisdiction and the reflected scope of work (SOW) in the construction contract. 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 the State agency or 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, small business, or infrastructure recovery programs and or projects. All CDBG-DR-funded contracts involving construction contractors performing work for homeowners and small business activities shall be required to have in the contract work pertaining to an individual homeowner and small business owner 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 homeowner and small business owner with a copy of each notice to the state agency and/or sub recipient administering the applicable activity.

Each homeowner and small business shall be provided prior to the commencement of any work involved through such contracts, a written notice of their right to appeal the work being performed when it is not to the standards set forth or the scope established. The homeowner and small business owner shall be provided an appeal contact person within the state agency or sub recipient responsible for managing the activity. Policies and procedures will be established as part of the activity setting forth timelines and step-by-step process for resolving appeals and said policies and procedures shall be provided to each homeowner and small business prior to the start of any work and shall be included in the contract with each participating contractor as an enforceable part of the contract.

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# 18.0 Citizen Participation Plan

The State of North Carolina is in receipt of a U.S. Department of Housing and Community Development Block Grant-Disaster Recovery (CDBG-DR) appropriation in accordance with the *Disaster Relief Appropriations Act*, 2016 (Public Laws 114-254 and 115-31). The Act describes the applicable waivers and alternative requirements, relevant statutory and regulatory requirements, the grant award process, criteria for the action plan approval, and eligible disaster recovery activities. These funds are being made available to assist disaster recovery efforts in response to Hurricane Matthew as described in Federal Register Notice published Wednesday January 18, 2017, at 82 FR 5591.

The primary goal of this *Citizen Participation Plan* is to provide all North Carolina citizens with an opportunity to participate in the planning, implementation, and assessment of all the State's recovery programs. The plan sets forth policies and procedures for citizen participation, which are designed to maximize the opportunity for involvement in the community recovery process from citizens, property owners, renters, business owners, developers as well as federal, state, local stakeholders. A copy of the *Citizen Participation Plan* is available on the ReBuild NC website at https://rebuild.nc.gov/action-plans.

## 18.1 Encouragement of Citizen Participation and Outreach

NCORR will invite and encourage citizen participation in the Action Plan and associated amendments process with a focus on outreach to low- and moderate-income persons, racial/ethnic minorities, persons with disabilities, and persons with Limited English Proficiency.

*Strategy:* The State will advertise opportunities for public participation in the Action Plan process through various state, federal, local governments, tribal communities, public housing authorities, other housing related service providers, churches and faith-based organizations, for-profit developers, professional organizations, other known constituency groups, and citizens who have requested notification. Additionally, the State will advertise through:

- Neighborhood associations and groups, community-based organizations, agencies, and churches providing services to or advocating for low- and moderate-income persons, racial/ethnic minorities, persons with disabilities, and persons with Limited English Proficiency; and
- Media sources that have direct contact with low- and moderate-income persons, culturally diverse persons, racial/ethnic minorities, persons with disabilities, and persons with Limited English Proficiency.

The North Carolina Office of Recovery and Resiliency (NCORR) is committed to ensuring that all populations impacted by the storm are aware of and have equal access to information about the programs to assist in the recovery from Hurricane Matthew. Through in person meetings, outreach events, online and traditional media, the State has publicized existing programs and will publicize changes to such programs, and conducted outreach efforts throughout the storm impacted areas. In addition, the Governor's Office has engaged a grass-roots community driven process that engages the public as a key stakeholder in the planning and rebuilding process.

## 18.2 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. Comments will be accepted through the online commenting form in English and Spanish. The State will make every possible effort to translate and consider comments submitted in any other language within the timeframe.

NCORR provides both oral Interpretation and written Translation services to persons at no cost and 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 and its implementing regulations.

## 18.3 Persons with Disabilities

As noted above, hard copies of Action Plans will be available in large print format (18pt font size) at the location listed above. The online materials will also be accessible for the visually impaired. For more information on how people with disabilities can access and comment on the Action Plan, dial (800) 735-2962.

## 18.4 Response to Citizen Complaints and Appeals

The State of North Carolina shall provide a response to every complaint relative to the CDBG-DR Program within fifteen (15) working days of receipt. The state will execute its Appeals Process in response to appeals received and will require subgrantees to adopt a similar process. The process will be tiered whereby applicants will be able to appeal a decision and received further review from another level.

All sub-contractors and local government grantees will be required to develop an appeals and complaint procedure to handle all complaints or appeals from individuals who have applied for CDBG-DR housing, infrastructure and business programs or other programs that may be included through subsequent amendments. A written appeal may be filed when dissatisfied with program policies, eligibility, level of service or other complaints by including the individual facts and circumstances as well as supporting documentation to justify the appeal.

Generally, the appeal should be filed with the administrating entity or sub-contractor. The appeal will be reviewed by the administrating entity with notification to NCORR, the CDBG-DR state implementation agency, for the purpose of securing technical assistance. If the appeal is denied or the applicant is dissatisfied with the decision, an appeal can be made to NCORR directly. If NCORR denies the appeal, the final step in the internal appeals process is to appeal to the Secretary of the Department of Public Safety

Applicants to the State's Recovery Programs may appeal their award determinations or denials that are determined based on Program policies. However, it should be noted that an applicant is unable to appeal a federal statutory requirement.

## 18.5 Public Notice, Comment Period and Website

A comment period of at least 14 days, as required by HUD, shall be provided for citizens, affected local governments, and other interested parties to comment on substantial amendments to the Action Plan. Generally, Hurricane Matthew CDBG-DR and Hurricane Florence CDBG-DR action plans are amended together as the use of funds between both grants are similar. When multiple action plans are amended together, NCORR often adopts the Hurricane Florence CDBG-DR public comment period of 30 days for the Hurricane Matthew CDBG-DR public comment period as well.

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 https://rebuild.nc.gov/action-plans. The website gives citizens an opportunity to read the plan and to submit comments on substantial amendments. This website is featured prominently on, and is easily navigable from, NCORR's homepage. NCORR will maintain the following information on its website: actions plan, any substantial amendments, all performance reports, citizen participation requirements, and activities/program information that are described in the action plan, including details on contracts and ongoing procurement opportunities and policies, including opportunities for minorities, women and other disadvantaged persons, veteran, and other historically underutilized businesses (HUB). Paper copies of the Action Plan Amendment will be available in both English (including large, 18pt type) and Spanish as needed at applicant service centers. Applicant service center locations are found at the ReBuild NC website at https://www.rebuild.nc.gov/information-assistance.

After the conclusion of any required comment period, all comments shall be reviewed and the state will provide responses to the comments received. The State's consideration of public comment is available as an appendix to the action plan, when applicable.

Upon approval of the state's original Action Plan, HUD provided the state an action plan approval letter, grant terms and conditions, and grant agreement. After receipt of the grant agreement, the State reviewed and executed the grant agreement with HUD.

### 18.5.1 Contact Information

Interested parties may make comments or request information regarding the Citizen Participation Planning process 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)
PO Box 110465
Durham, NC 27709

- Email comments: publiccomments@rebuild.nc.gov

  Please include “CDBG-DR Matthew” in the subject line

- By telephone for those hearing impaired:

  (984) 833-5350, TDD 1-800-735-2962

- 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. When public comment is required the method for submitting public comment is also included on the website.

According to 81 FR 83262, NCORR must notify HUD of a nonsubstantial amendment but is not required to undertake a public comment period. HUD must be notified at least five business days before the amendment becomes effective.

# Appendix A: Response to Public Comments

The public comment period for Substantial Action Plan Amendment 9 began December 8, 2021 and ended January 7, 2022. This public comment period was greater than the 14-calendar day public comment period requirement set in 81 FR 83256. The longer public comment period was necessary to align the public comment period of this action plan amendment with the amendments of the Hurricane Florence CDBG-DR Action Plan and the Community Development Block Grant – Mitigation (CDBG-MIT) Action Plan.

In some instances, public comments are shortened to focus on the specific elements of the comment as they pertain to the action plan. Personal details or private information has been removed from public comments where necessary to protect the identity of the commenter.

Comments specific to the status of an individual's CDBG-DR application for assistance were referred internally for additional review and direct response, and may not be reflected in this response to public comments.

1. **Comment:** Please share the name of the company that has won the bid to build modular homes for clients in the ReBuild NC program.

   **Response:** The company procured to secure the modular home units as well as install those units on site is Rescue Construction Solutions.

2. **Comment:** Why has there been a delay in starting my ReBuild NC project?

   **Response:** The coronavirus pandemic has affected the availability of material and labor to quickly begin work. ReBuild NC has taken several steps to help speed the pace of the recovery, including now offering modular homes that are delivered faster and with a similar quality product to traditional stick-built construction. ReBuild NC will continue to work to find ways to speed the pace of the recovery.

3. **Comment:** A comment was received from the Seeds of Hope Community Development Corporation in Lumberton, Robeson County emphasizing the need for resilient housing, effective planning, and community involvement in the Strategic Buyout Program.

   **Response:** Local stakeholders are a vital part of the recovery process. Members of the ReBuild NC team have reached out to this group to better understand the needs of the citizens of Lumberton. ReBuild NC does not that significant planning has been done, and continues to be done, to improve the strategic element of disaster recovery efforts.

4. **Comment:** A comment was received from Legal Aid of North Carolina (LANC) on three topics. The first is that current NCORR guidance on flood insurance requirements is unclear and provides insufficient flexibility for homeowners unable to afford this expense. The

second issue is that additional flexibility is needed for owners of heir property seeking assistance through the buyout program. The third issue is concern about the use of Xactimate (an estimation tool) to determine duplication of benefits and estimated costs of repairs unfairly impacting low-income homeowners.

**Response:** NCORR received clear guidance on flood insurance requirements in an email on January 12, 2022. Homeowners that previously received federal disaster assistance and are located in a floodplain were required to obtain and maintain flood insurance or they are ineligible for assistance. This requirement applies regardless of household income. Recipients of federal disaster assistance that are not located in a floodplain are not subject to this requirement, although carrying flood insurance is advisable for those impacted by flood damage regardless of their location in or out of the floodplain. NCORR acknowledges this can be a challenge for low- and moderate-income households and will continue to find ways to bridge the recovery gap for those households, including continued dialog with HUD.

The matter of heir property can make otherwise straightforward buyout projects more complicated. NCORR is working on establishing more clear eligibility guidelines for heir property across all its programs, including buyout, to ensure that eligibility requirements are clear and not overly burdensome. Individual file review for heir property for buyout are ongoing to establish case study and precedent for what would be required of heir property to participate in the buyout process.

NCORR believes that the Xactimate estimation tool is a benefit to low- and moderate-income households because it does not require the support of receipts or invoices to document that work was done on site. This is important for households with poor recordkeeping or even destroyed records that would otherwise make a fair assessment of their contribution of their federal benefits received to their property. NCORR will continue to assess how effective its tools are in establishing how other benefits received are counted in an applicant’s award calculation.

# Appendix B: 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 hurricanes 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 2 in the Housing Impact and Unmet Needs Assessment combines the data below to create the State and HUD Defined MID areas.

| 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) | $ - | $ - | $ - |
| Beaufort (County) | $ 2,553,315 | $ 685,320 | $ 59,493 |
| Sampson (County) | $ 5,655,730 | $ 1,918,896 | $ 713,916 |
| Scotland (County) | $ 247,095 | $ - | $ - |

| County | Hurricane Matthew | | |
|---|---|---|---|
| | **Major-Low** | **Major-High** | **Severe** |
| 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 |

| 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 |

# Appendix C: Methodology & Assumptions for Estimating Housing Unmet Need

## Owner-Occupied and Rental Housing

| Data Source | Methodology & Assumptions<br>Estimated Total Loss (Need) | Methodology & Assumptions<br>Estimated Resources Available/Received |
|---|---|---|
| **NCORR Hurricane Matthew Homeowner Recovery Program Damage Assessments as of 11/2/2022** | **Based on estimated construction intent from approved Homeowner Recovery Program Damage Inspections:** | **N/A** |
| | For Mobile Home Replacement or Single-Family Reconstruction an average estimation of replacement or reconstruction costs | N/A |
| | For Rehabilitation/Reimbursement the sum of verified completed repair costs and verified estimate of remaining repair costs | N/A |
| **Hurricane Matthew SBA Home Loans as of 10/21/2022** | **Based on verified damage amounts** | **Based on current amounts for non-canceled loans** |
| | Sum of verified damage amounts excluding contents, debris removal and landscaping | Sum of current amounts excluding contents, debris removal, landscaping and refinance |
| **Hurricane Matthew FEMA IA as of 10/10/2019** | **Based on Real Property (RP) Verified Loss for Owners** | **Based on FEMA IA Repair/Replace assistance received for Owners** |
| | Multiplied by 5.6 based on State Determined Multiplier (see Analysis Comparing FEMA Verified Loss and SBA Verified Damage below) | No other assumptions |
| | **Based on Personal Property (PP) Verified Loss for Renters** | **Based on Renter Income reported to FEMA for Renters** |
| | Multiplied by 7.6 based on State Determined Multiplier (see Analysis Comparing FEMA Verified Loss and SBA Verified Damage below) | Renters with income $20,000 and below likely have landlords without insurance to cover estimated total loss ($0.00 for assistance available/received) |

| Data Source | Methodology & Assumptions<br>Estimated Total Loss (Need) | Methodology & Assumptions<br>Estimated Resources Available/Received |
|---|---|---|
| **Hurricane Matthew NFIP as of 4/5/2020** | **Based on NFIP Building Payment Amount** | **Based on NFIP Building Payment Amount** |
| | Increased by 20% under assumption NFIP Building Payment Amounts cover 80% of total building loss | No other assumptions |

Duplicate property addresses that applied for multiple sources of assistance across the various data sets were identified and only the highest estimated property loss was used when aggregating the Estimated Total Loss (Need).

## Analysis Comparing FEMA Verified Loss and SBA Verified Damage

Because FEMA's initial inspections arriving at verified loss historically underestimate total damage and typically only estimate costs to make the home habitable, FEMA's verified loss amounts were adjusted upwards based on a State Determined Multiplier. The State Determined Multiplier was calculated based on comparing the FEMA Verified Loss for owners and renters to the SBA Verified Damage amount using the most recent FEMA and SBA data for both Hurricane Matthew and Hurricane Florence. The FEMA and SBA data sets were matched based on the FEMA Registration ID, and only includes owners and renters with loss amounts calculated by both FEMA and SBA.

The State's analysis shows that for owners the SBA Verified Damage Amount in total is 5.6 times higher than FEMA's Verified Loss, and for renters the SBA Verified Damage Amount in total is 7.6 times higher than FEMA's Verified Loss:

| Owners versus Renters | Total Applicants Analyzed | FEMA Verified Loss (FVL) | SBA Verified Damage Amount | Percent Difference | State Determined Multiplier<br>Applied to FEMA Verified Loss (FVL) |
|---|---|---|---|---|---|
| Owners | 10,403 | $64,189,984 | $427,199,692 | 566% | **5.6** |
| Renters | 1,034 | $2,664,706 | $23,012,782 | 764% | **7.6** |

# Appendix D: September 2017 Housing Unmet Need Assessment

This estimate accounts for the costs to repair damaged homes that are owned or rented by LMI persons. The State estimates that, to assist 7,831 LMI homeowners, it would need an additional $104,081,224 and, to assist 3,448 LMI renters, it would need an additional $68,912,793, which includes providing required mitigation for these homes to avoid future losses, resulting in an additional $172,994,017 in unmet need.

There are additional needs beyond repairing damaged homes. The State has been proactive in initiating outreach with the most impacted communities to determine the cost benefit of repairing homes that experience repetitive flood loss and/or are located in flood-prone areas versus the cost of acquiring these properties and relocating these families to safer ground. This is an ongoing effort, and as of October 15, 2017, the State estimates an additional need of $260,971,916 to elevate homes, or acquire and demolish homes, and then relocate families to new housing.

Additionally, the State will require that all new construction and repair of substantially damaged homes meet, at a minimum, Advisory Base Flood Elevations. All homes located in the 100-year floodplain that receive assistance for reconstruction or repair of substantial damage shall be elevated to at least two-feet above Base Flood Elevation. The method of determining elevation assistance and cost-reasonableness will be outlined in detail in the ReBuild NC Homeowner Recovery Program Manual.

The estimate also accounts for the repair of the public housing units that were severely damaged ($15,200,000) as well as an increased estimate of need for support services for persons needing assistance relating to the homeless, families living in poverty, persons needing medical or mobility assistance due to disabilities, permanent supportive housing needs, persons who are currently displaced and need additional housing assistance, and services to older residents especially challenged by displacement ($17,371,361).

Finally, the unmet needs analysis factors in a preliminary estimate of subsidies needed for LMI homeowners who will expect to see their insurance premiums increase and who will not be able to afford flood insurance once their homes are rebuilt ($8,800,000). In addition, the estimate includes the providing funds to address shortfalls for homeowners who sell their homes to the State through a buyout program and, because of the cost of new housing, will have a gap in what the home sale price was and the cost to move into the new residence ($10,077,200).

These estimates are based on existing data; as the State and local planning efforts continue to work with the most impacted communities, these figures may be adjusted based on better data and feedback.

### Table 24: Housing Unmet Needs

| Source | Amount |
|---|---|
| Owner - Repair Damages | $104,081,224 |
| Renter - Repair Damages | $68,912,793 |
| Elevation/Buyout | $260,971,916 |
| Public Housing | $15,200,000 |
| Supportive Services | $17,371,361 |
| Homeowner Assistance Program | $10,077,200 |
| Insurance Subsidies for LMI Owners | $8,800,000 |
| *TOTAL* | $485,414,494 |

Source(s): FEMA Individual Assistance, Small Business home loan data; survey responses from State and local housing providers and agencies; analysis effective 9/13/17

# Appendix E: October 2017 Infrastructure Unmet Need Assessment

FEMA, through its PA program, assists communities rebuild following a disaster. Table 25 shows the current FEMA PA obligations for Matthew. In total, over 424 applicants now have eligible PA projects. While the amount of funding and number of applicants in the FEMA PA program is expected to grow as of October 10, 2017, these applicants had $292,780,270 obligated to PA projects, an increase of $279,253,605 since the initial Action Plan was published. As was shown in the State's initial Action Plan, and remains true for this Amendment, the State estimates that once all FEMA PA projects are accounted for, the PA program will exceed $400 million, with over $101 million in match required.

**Table 25: FEMA PA Obligations by Category**

| FEMA Category | Category | Project Obligations (Project Worksheets (PWs)) | | Match Requirements | |
|---|---|---|---|---|---|
| | | 100% PW | Estimated | Current | Estimated |
| Debris Removal | A | $43,520,496 | $46,648,598 | $10,880,124 | $11,662,150 |
| Emergency Protective Measures | B | $54,284,215 | $55,465,188 | $13,571,054 | $13,886,297 |
| Roads & Bridges | C | $43,792,986 | $116,750,334 | $10,948,246 | $29,187,584 |
| Water Control Facilities | D | $17,304,456 | $10,634,800 | $4,326,114 | $2,658,700 |
| Public Buildings and Contents | E | $35,885,478 | $74,620,505 | $8,971,370 | $18,655,126 |
| Public Utilities | F | $47,524,289 | $48,290,124 | $11,881,072 | $12,072,531 |
| Parks, Recreational, Other Facilities | G | $50,468,351 | $53,932,676 | $12,617,088 | $13,483,169 |
| FEMA PA Total | | $292,780,270 | $406,342,226 | $73,195,067 | $101,585,557 |

FEMA PA Data: October 10, 2017

In addition, to the PA program the State anticipates receiving $100 million in Hazard Mitigation Grant Program (HMGP) funding with FEMA providing $75 million and the State required to provide $25 million. The State will use its HMGP allocation to buyout and acquire homes turning them into greenspace. As a result, the match required for both the FEMA PA and HMGP programs the current estimate for all FEMA programs exceeds $107 million.

As was disclosed in the original Action Plan, all infrastructure related projects will refer to the *Federal Resource Guide for Infrastructure Planning and Design*: http://portal.hud.gov/hudportal/documents/huddoc?id=BAInfra ResGuideMay2015.pdf.

**Table 26: Infrastructure Unmet Need**

| Source | Unmet Need |
|---|---|
| FEMA PA and HMGP Match (estimate) | $101,585,557 |
| Repair health care, daycare, and other supportive facilities with remaining unmet needs (after subtracting FEMA and insurance) | $45,370,264 |
| **Other Federal Agencies** | **Unmet Need** |
| USACE - Levee and Dam Repair Safety | $38,132,675 |
| DOT/HUD/FHWA - Pavement, Storm Pipes, Highway Embankment | $52,586,192 |
| USDA /FSA Disaster Grant Programs | $177,663,583 |
| EPA - Drinking Water and Waste Water Repair and Mitigation | $274,481,000 |
| National Guard | $734,000 |
| TOTAL | $543,597,450 |

The State recognizes that the data collection and documentation of community infrastructure and public facilities needs is ongoing at this stage in the State's recovery process. In addition to the documented costs in from Federal sources with the completion of the State's community planning effort, additional recovery related projects will be implemented that represent an unmet need for infrastructure projects. The infrastructure projects are contained in each of the 50 county plans that were submitted to the State in the summer of 2017 and are shown on the rebuild.nc.gov website at https://www.rebuild.nc.gov/resiliency/hurricane-matthew-resilient-redevelopment-plans. As a result of the large unmet need in this program area, the State will need to maximize all funding sources and obtain additional resources to address this program area's unmet need. As a result, the State may need to modify funding levels for sub-programs within this CDBG-DR allocation.

# Appendix F: Analysis of Estimated Unmet Need Across CDBG Funding Sources to Inform State Allocation Changes

## Section F1: Background

The Department of Housing and Urban Development (HUD) and the State have recognized the exacerbating impact of Hurricane Matthew and Florence due to the occurrence of the storms in quick succession. The State can use funds allocated in response to Hurricane Matthew interchangeably and without limitation for the same activities in the most impacted and distressed areas related to Hurricane Florence, and vice versa[5]. For this reason, the State conducted an analysis of combined estimated unmet need for Hurricane Matthew and Florence to inform allocation changes in the following Substantial Action Plan Amendments:

- Hurricane Matthew CDBG-DR Action Plan Substantial Amendment 10
- Hurricane Florence CDBG-DR Action Plan Substantial Amendment 4
- CDBG-MIT Action Plan Substantial Amendment 4

Under the substantial amendments noted above, there were allocation changes within each CDBG funding source, and reallocations across CDBG funding sources.

## Section F2: Executive Summary

This analysis highlights that the $52.8 million allocation increase to the CDBG-DR housing recovery programs are rooted in the fact that the estimated owner-occupied and rental housing unmet need is so great when compared to the unmet need across all other categories. Additionally, this allocation increase is tied to the fact that this category also has the highest estimated funding gap when accounting for the revised allocations. The increased demand for Homeowner Recovery Program and increased construction costs further supports the State's decision to maximize funding for the CDBG-DR housing recovery programs.

[5] "Public Law 116-20: Additional Supplemental Appropriations for Disaster Relief Act, 2019." (Sec. 1101(a); Date: 06/06/2019). https://www.congress.gov/bill/116th-congress/house-bill/2157/text.

Given that the total CDBG funding allocations from HUD have not changed, the State made a series of allocation changes for the CDBG-DR and CDBG-MIT grants to support an increase to the CDBG-DR housing recovery program allocations.

For CDBG-DR funds, this included a reallocation of $47.7 million in funding for public housing and infrastructure to the CDBG-MIT grant, which also aligns the longer-term resilience and mitigation activities for these programs with the objectives of the CDBG-MIT funds. A decrease of $5.1 million across the Code Enforcement Support Program and planning allocations accounted for the remaining funds needed to allocate the additional $52.8 million in funding to the housing recovery programs.

For CDBG-MIT funds, the Strategic Buyout Program allocation was subsequently decreased by $59.4 million, largely to offset the increase of funding to the CDBG-MIT grant with the reallocation of the $47.7 million in public housing and infrastructure funds. This decrease also allowed for an increase of $5.1 million in the planning allocation and an increase of $6.6 million in the public housing allocation.  These allocation increases will support the additional planning capacity anticipated for the larger scale public housing and infrastructure projects, and the anticipated increase in construction costs needed to support public housing restoration.

The State recognizes the significant estimated unmet need across all categories of recovery, however, has rooted the recent allocation changes in addressing the most significant estimated unmet need – owner-occupied and rental housing. Given the limited HUD funding available to address the total estimated unmet need, the State will continue to assess current allocations and use the limited funding to reduce the estimated funding gap across all categories of recovery and mitigation.

## Section F3: Supporting Data for Analysis

Table F1 below provides a summary of allocation changes including revised total allocations for Hurricane Matthew (CDBG-DR), Hurricane Florence (CDBG-DR) and Mitigation (CDBG-MIT) activities combined.

**Table F1 – Allocation Change Summary: Revised Total Allocations by CDBG Funding Source, Category & Program**

<table>
<tr><th>CDBG Funding Source</th><th>Category</th><th>Program(s)</th><th>Revised Total Allocation</th><th>Allocation Change Summary</th></tr>
<tr><td rowspan="8">CDBG-DR</td><td rowspan="6">Owner-Occupied & Rental Housing</td><td>Homeowner Recovery Program</td><td>$581,085,307</td><td>Increased by $52 million</td></tr>
<tr><td>Affordable Housing Development Fund</td><td>$121,719,805</td><td rowspan="2">Increased by $785,000</td></tr>
<tr><td>Multi-Family Rental Housing Program</td><td>$19,516,018</td></tr>
<tr><td>Homeownership Assistance Program</td><td>$3,000,000</td><td>No allocation change</td></tr>
<tr><td>Housing Counseling Fund</td><td>$1,500,000</td><td>No allocation change</td></tr>
<tr><td>Code Enforcement Support Program</td><td>$3,000,000</td><td>Decreased by $2.4 million</td></tr>
<tr><td>Economic (Small Business)</td><td>Small Business Recovery Assistance</td><td>$4,500,000</td><td>No allocation change</td></tr>
<tr><td>Administration & Planning</td><td>N/A</td><td>$44,851,870</td><td>Decreased by $2.7 million</td></tr>
<tr><td colspan="3">Total CDBG-DR Allocation</td><td>$779,173,000</td><td>--</td></tr>
<tr><td rowspan="4">CDBG-MIT</td><td>Owner-Occupied & Rental Housing</td><td>Strategic Buyout Program</td><td>$123,103,334</td><td>Decreased by $59.4 million</td></tr>
<tr><td>Public Housing</td><td>Public Housing Restoration Fund</td><td>$36,246,916</td><td>Increased by $6.6 million; includes Re-allocation of $29.7 million from CDBG-DR</td></tr>
<tr><td>Infrastructure</td><td>Infrastructure Recovery Program</td><td>$18,000,000</td><td>Reallocation from CDBG-DR</td></tr>
<tr><td>Administration & Planning</td><td>N/A</td><td>$25,335,750</td><td>Increased by $5.1 million</td></tr>
<tr><td colspan="3">Total CDBG-MIT Allocation</td><td>$202,686,000</td><td>--</td></tr>
<tr><td colspan="3">Total CDBG-DR & CDBG-MIT Allocations</td><td>$981,859,000</td><td>--</td></tr>
</table>

This appendix provides additional context and a consolidated justification for the allocation changes rooted in the combined analysis of estimated unmet needs. Table F2 below summarizes the combined unmet need estimates for Hurricane Matthew, Hurricane Florence and Mitigation activities, along with revised program funding allocations as the basis for contextualizing and justifying the allocation changes. Table F2 also includes an estimated funding gap, calculated as the estimated unmet need less the revised program funding allocated.

**Table F2 - Hurricane Matthew, Hurricane Florence & Mitigation Activities: CDBG Unmet Need and Allocation Summary**

| Category | CDBG Funding Source(s) | Estimated Unmet Need | % of Total Unmet Need* | Revised Program Funding Allocated | % of Total Allocation* | Estimated Funding Gap (Estimated Unmet Need less Revised Program Funding Allocated) | % of Total Estimated Funding Gap* |
|---|---|---|---|---|---|---|---|
| Owner-Occupied & Rental Housing | DR & MIT | $1,510,608,417 | 63% | $852,924,464 | 87% | $657,683,953 | 44% |
| Economic (Small Business) | DR | $584,411,718 | 24% | $4,500,000 | <1% | $579,911,718 | 39% |
| Public Housing | MIT | $127,434,056 | 5% | $36,246,916 | 4% | $91,187,140 | 6% |
| Infrastructure | MIT | $181,657,339 | 8% | $18,000,000 | 2% | $163,657,339 | 11% |
| Administration & Planning | DR & MIT | -- | -- | $70,187,620 | 7% | -- | -- |
| **Total CDBG Activities** | | **$2,404,111,530** | **100%** | **$981,859,000** | **100%** | **$1,492,440,150** | **100%** |
| *Subtotal for CDBG-DR Activities* | | *$2,095,020,135* | *87%* | *$779,173,000* | *79%* | *$1,483,802,339* | *85%* |
| *Subtotal for CDBG-MIT Activities* | | *$309,091,395* | *13%* | *$202,686,000* | *21%* | *$254,844,479* | *15%* |

*Percentages may not add to 100% due to rounding

For reference, see Section F9 for a high-level summarization of the estimated unmet need reanalysis as outlined in the substantially amended CDBG-DR Action plans for Hurricane Matthew and Florence.

Following is a discussion of the data summarized in Table F2 by category.

## Section F4: Owner-Occupied & Rental Housing

The owner-occupied and rental housing category has the highest estimated unmet need at $1.5 billion and represents 63 percent of the total estimated unmet need across all qualified disasters. The estimated unmet need for this category is nearly three times greater than the economic (small business) estimated unmet need, the next highest category in terms of estimated unmet need. The owner-occupied and rental housing category has the highest allocation with nearly $853 million in funding, representing 87 percent of the total CDBG allocations. This category also has the highest estimated funding gap at roughly $658 million, representing 44 percent of the total estimated funding gap across all categories.

The reanalysis of owner-occupied and rental housing unmet need conducted by the State (see Section F9) highlights an increased serious housing unmet need, specifically for Hurricane Florence, when compared to previous estimates. Additionally, the CDBG-DR

Action Plans note an increased demand for the Homeowner Recovery Program and increased construction costs which further necessitate a need for additional funding. For these reasons, coupled with the significant estimated unmet need and estimated funding gap, the State has chosen to maximize funding in this category to further support the housing recovery efforts.

The increased allocations for the housing recovery programs were largely achieved through a reallocation of previous CDBG-DR funding to CDBG-MIT funding for Infrastructure ($18 million) and the Public Housing Restoration Fund ($29.7 million). To offset the reallocation of these funds to the CDBG-MIT grant, the State decreased the CDBG-MIT Strategic Buyout allocation in this category. These reallocations coupled with a decrease of $2.4 million in the Code Enforcement Support Program allocation allowed the State to allocate an additional $52.8 million to the housing programs.

It is also important to note that more funding has been allocated to the Homeowner Recovery Program as the estimated owner-occupied housing loss (need) represents over 90% of the estimated total loss (need) in this category. To further maximize funding allocated for the Homeowner Recovery Program, no additional allocations were made to the Homeownership Assistance Program or Housing Counseling Fund.

## Section F5: Economic (Small Business)

The economic (small business) category represents 24 percent of the total estimated unmet need, with over $584 million in estimated unmet need. While there is a significant estimated unmet need for this category, as noted above the estimated unmet need for owner-occupied and rental housing is nearly three times greater. Additionally, the estimated funding gap for the economic (small business) category is roughly $580 million, however is five percent lower than the estimated funding gap for the owner-occupied and rental housing category. For these reasons, the State has chosen to maximize funding for housing recovery and has not made any additional allocations to the existing $4.5 million allocation for the economic (small business) category.

## Section F6: Public Housing

The public housing category represents five percent of the total estimated unmet need, with over $127 million in estimated unmet need. The public housing category has $36.2 million in funding allocated, representing four percent of the total CDBG allocations. This category has the lowest estimated funding gap at $91 million, representing six percent of the total estimated funding gap across all categories.

As noted in the owner-occupied and rental housing discussion, the State has reallocated $29.7 million of funding for the Public

Housing Restoration Fund from CDBG-DR to CDBG-MIT. This reallocation not only allows the State to further strengthen the ongoing recovery efforts related to housing with CDBG-DR funds, but also creates a realignment of longer-term resilience and mitigation activities, such as those in the Public Housing Restoration program, with the objectives of the CDBG-MIT funds. The public housing allocation under CDBG-MIT was further increased by $6.6 million in anticipation of increased construction costs which further necessitate a need for additional funding.

## Section F7: Infrastructure

The infrastructure category represents eight percent of the total estimated unmet need, with over $181 million in estimated unmet need. The infrastructure category has $18 million in funding allocated, representing eight percent of the total CDBG allocations. This category has the second lowest estimated funding gap at $164 million, representing 11 percent of the total estimated funding gap across all categories.

The reanalysis of infrastructure unmet need conducted by the State (see Section F9) highlights a decrease in infrastructure unmet need for both Hurricane Matthew and Florence when compared to previous estimates. The reanalysis also highlights that a significant amount of Federal and State funds has been obligated or allocated to address the ongoing infrastructure unmet needs for both hurricanes. For these reasons, the State has chosen to maximize funding for housing recovery and has not made any additional allocations to the infrastructure category.

As noted in the owner-occupied and rental housing discussion, the State has reallocated $18 million of funding for the Infrastructure Recovery Program from CDBG-DR to CDBG-MIT. This reallocation not only allows the State to further strengthen the ongoing recovery efforts related to housing with CDBG-DR funds, but also creates a realignment of longer-term resilience and mitigation activities, such as those in the Infrastructure Recovery program, with the objectives of the CDBG-MIT funds.

## Section F8: Administration & Planning

The administration and planning category has $70.2 million in funding allocated, representing seven percent of the total CDBG allocations. This category allocates funds for administrative costs associated with implementing the various CDBG recovery/mitigation programs and planning related activities, such as Action Plan development, public outreach, and coordination on future planning with local and regional coordinating entities.

CDBG-DR funding allocated for planning has decreased by $2.7 million, and CDBG-MIT funding allocated for planning has increased by $5.1 million; the net change across CDBG allocations for planning is a $2.4 million increase. These planning allocation changes are tied to the reallocation of the public housing and infrastructure funds from CDBG-DR to CDBG-MIT referenced above and efforts to enhance resilience planning efforts in impacted counties. Larger scale public housing and infrastructure projects may require significant planning efforts necessitating a need for additional planning funds under the CDBG-MIT grant. Moreover, ongoing support for resilience planning efforts will continue to help impacted communities mitigate and prepare for future disasters. Administration allocations have not changed across the CDBG funding sources.

## Section F9: Summary of Unmet Need Reanalysis for Hurricane Matthew and Florence

The State conducted a reanalysis of unmet need specifically related to owner-occupied housing, rental housing and infrastructure, based on most recent disaster recovery data sets. The methodology used to complete the reanalysis aligns closely to HUD's own standard approaches to analyzing unmet need, with a slight modification to the previous methodology. The revised methodology for the reanalysis accounts for additional and more finalized disaster recovery data sets that were not available when previous unmet need estimates were calculated.

As it relates to owner-occupied and rental housing for Hurricane Florence, the reanalysis estimates the serious housing unmet need for owner-occupied and rental housing is roughly $1.1 billion. The reanalysis highlights a roughly 26 percent increase in serious housing unmet need when compared to previous estimates. For Hurricane Matthew, the reanalysis estimates the housing unmet need for owner-occupied and rental housing is roughly $428 million. The reanalysis highlights a slight 1.33 percent decrease in housing unmet need when compared to previous estimates.

As it relates to infrastructure for Hurricane Florence, the reanalysis estimates the infrastructure unmet need is roughly $111 million. The reanalysis highlights a roughly 20 percent decrease in infrastructure unmet need when compared to previous estimates. For Hurricane Matthew, the reanalysis estimates the infrastructure unmet need is roughly $70 million. The reanalysis highlights an 87 percent decrease in infrastructure unmet need when compared to previous estimates. The reanalysis also highlights that a significant amount of Federal and State funds has been obligated or allocated to address the ongoing infrastructure unmet needs for both hurricanes.

These revised estimates for unmet need were combined with existing unmet need estimates related to public housing and economic (small business) to determine the total estimated unmet need. For the full reanalysis details, see *Hurricane Matthew CDBG-DR Action Plan Substantial Amendment 10* and *Hurricane Florence CDBG-DR Action Plan Substantial Amendment 4.*