

**STATE OF MARYLAND  
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM  
ACTION PLAN AMENDMENT – DISASTER GRANT #1 Phase #3\*  
July 15, 2015  
Approved by HUD on October 19, 2015**

On January 29, 2013, the U.S. Congress approved the Disaster Relief Appropriations Act which includes \$16 billion of Community Development Block Grant (CDBG-DR) funds. The funding is to be used for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas from a major disaster declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (42 U.S.C. 5121 et seq.). The funding is to be used for recovery efforts due to Hurricane Sandy and other eligible events in calendar years 2011, 2012 and 2013. The funding was awarded by the U.S. Department of Housing and Urban Development (HUD) through several rounds.

The State of Maryland was notified it would receive \$8,640,000 of CDBG-DR funds (identified hereafter as Disaster Grant #1) under the first round of awards to be used specifically for housing and economic recovery activities related to Hurricane Sandy pursuant to the Federal Register Notice FR-5696-N-01 published on March 5, 2013. The funding is being managed by the Maryland Department of Housing and Community Development (DHCD) through its Community Development Block Grant Office. The funding is targeted in its entirety to Somerset County which was the most impacted and distressed county in the state.

As required by HUD, the State submitted an Action Plan which is an Amendment to the State's Consolidated Plan. The Consolidated Plan is a five-year planning document required by HUD that sets out overall Statewide goals and priorities for housing, community development, and economic development activities. The Action Plan identified the planned use of the CDBG funding, how it would be managed, and provided information required by HUD as to impact of the hurricane. The Action Plan was developed with the assistance and concurrence of the Commissioners of Somerset County who, as the State's grantee, would administer the funding and implement activities. The Action Plan is available for review at [www.mdhousing.org](http://www.mdhousing.org) under *CDBG Disaster Recovery Assistance*.

As allowed by HUD, the State submitted an Action Plan which only identified a specific amount of the available funding to be used and the activities to be undertaken. This was done partially due to capacity issues and partially for flexibility in order to shift funding to other needs that may be determined as recovery efforts are underway. This partial Action Plan was approved by HUD in the amount of \$4,400,000 (identified hereafter as Phase 1/Round 1) for the following activities:

<b>GRANT #1 PHASE #1 ACTIVITIES</b> <i>*For HUD Purposes, this is Round #1</i>	<b>PARTIAL AMOUNT</b>
Housing Recovery Program	\$3,150,000
Economic Recovery Program	\$1,050,000
State Administrative Costs	\$ 200,000
Total	\$4,400,000

The State prepared an amendment to the Action Plan which was approved by HUD on December 3, 2014. This provided \$1,000,000 to be used for necessary repairs to housing units and property owned by the Housing Authority of Crisfield and \$100,000 to be used for a comprehensive housing study.

<b>GRANT #1 PHASE #2 ACTIVITIES</b> <i>*For HUD Purposes, this is Round #3</i>	<b>PARTIAL AMOUNT</b>
Planning	\$ 100,000
Housing Recovery - Rental	\$1,000,000
Total	\$1,100,000

## **AMENDMENT**

At this time, the State proposes to amend the Action Plan to include additional funds and activities. As this is an amendment, it only refers to the specific items that are being proposed. It does not change or alter other information or requirements found in the Action Plan or the subsequent Amendment approved by HUD in December 2014.

As required by HUD, the State has drafted this amendment to the Action Plan which was made available to the public for comment for a 30 day public comment period. The State submitted the amendment to the Action Plan to HUD for approval at the end of the comment period. HUD staff will have 60 days to review and approve it. Upon completion of their process, HUD will provide the State with a grant agreement obligating the funds for a two year period.

Under this Amendment to the Action Plan (identified hereafter as Phase 3), the State and Somerset County propose the following:

<b>GRANT #1 PHASE #3 ACTIVITIES</b> <i>*For HUD Purposes, this is Round #4</i>	<b>PARTIAL AMOUNT</b>
Housing Recovery Program	\$ 2,680,000
Economic Recovery Program	\$ 160,000
Public Services	\$ 100,000
State Administrative Costs	\$ 200,000
Total	\$ 3,140,000

### Housing Recovery - \$2,680,000

The State and Somerset County determined that 927 houses in the county were impacted by the hurricane. Of those, 321 suffered major damage, 218 suffered minor damage, and 378 were defined as “affected.” Since the storm, many houses have been repaired through resources received through private insurance companies, the Federal Emergency Management Agency (FEMA), the Small Business Administration (SBA), Somerset County’s CDBG funding, and through local relief organizations. To date, Somerset County has used the CDBG funding to rehabilitate 1 house and replace 13 others.

Due to the amount of storm damage and code violations, the County has spent the majority of their funding on new construction of replacement houses rather than rehabilitation. There are 5 replacement houses underway with remaining funds from Phase 1. With the funding from Phase 3, the County estimates that they will rehabilitate 2 houses and replace 13 houses.

The CDBG national objective would be Benefit to Low and Moderate Income Persons through Housing Activities. The funds will be provided as deferred loans which will be repayable upon sale or transfer of the property. Eligible applicants cannot have a household income which exceeds 80% of the area median income for Somerset County as determined by HUD. The requirements implemented under the Housing Recovery Program with funding from Phase 1 will remain in effect.

### Economic Recovery - \$160,000

Through the Phase 1 funding, the County, through the Somerset County Economic Development Commission (EDC), provided grants and loans to assist with economic recovery efforts. To date, the County has provided 56 grants to impacted watermen; 2 grants for façade improvements; and 10 business loans. Under Phase 3, the EDC would like to approve at least 2 additional business loans.

The CDBG National Objective would be Benefit to Low and Moderate Income Persons through Job Creation and Retention. It is estimated that at least 7 full time jobs will be created and 7 full time jobs will be retained. The requirements implemented under the Economic Recovery Program with funding from Phase 1 will remain in effect.

### Public Services - \$100,000

The impact of the hurricane upon the local economy has worsened as time has passed. Businesses have struggled to maintain. The overall impact on the workforce has been negative due to the loss of residents and persons finding work in other counties or states. While not fully responsible, the hurricane has not allowed the County to achieve the economic stability it seeks.

In an effort to improve the situation, the State and County propose to utilize \$100,000 to undertake job training activities. Working with the Somerset County Board of Education and other entities, the County will undertake job training activities to create a more viable work force within the county. The various trainings that will be developed and made available will attempt to fill job vacancies of local employers. Additionally, an evaluation of local construction trades will be made to determine what training will assist with filling gaps.

The CDBG national objective would be Benefit to Low and Moderate Income Persons through Limited Clientele Activities. While the activities will be available to all residents within the county, it is estimated that the majority of participants (51% or greater) will be of low and moderate income. All participants will be required to provide information related to household income which will be compared to the income limits provided by HUD for Somerset County.

#### State Administrative Costs - \$200,000

The State will use \$200,000 of the grant funds for general administration costs associated with administration of the grant. Funds will be used to pay for salaries and travel for staff directly involved with the administration of the grant. Additionally, funds will be used for indirect costs charged for other DHCD staff such as the Finance Office.

#### **PUBLIC COMMENT**

The draft of this plan was prepared by the Maryland Department of Housing and Community Development. It was posted on the DHCD website. As required by federal regulations, it was available for public comment for a 30 day period beginning on July 16, 2015 and ending on August 17, 2015. Notifications related to the plan and the hearings were published in *The Crisfield-Somerset County Times* and *The Salisbury Daily Times*.

Written comments were to be submitted via email to [cindy.stone@maryland.gov](mailto:cindy.stone@maryland.gov) or via mail to: Cindy Stone, Director, Office of Community Programs, DHCD, 7800 Harkins Road, Lanham, MD 20706. No written comments were received.

Additionally, the State conducted two public hearings related to the proposed activities found within this amendment. The first hearing was held on July 29, 2015 at 5:00 p.m. at the Somerset County Office Building, Room 111, in Princess Anne. One person attended from the local newspaper. State and County staff provided a status of grant activities and discussed the proposed activities. The second hearing was held on August 3, 2015 at 1:00 p.m. at the DHCD Office Building in Lanham. No one outside of DHCD attended.

Upon review, the U.S. Department of Housing and Urban Development approved this plan on October 19, 2015.

\*As noted, the State of Maryland received two separate and distinct grant awards from HUD. The grants are tracked in the State system as two grants. The obligation of funds under each grant are identified as "Phases." For HUD's purposes, they are using the word "Round" for each Action Plan that is created and grant agreement awarded by HUD to the State. They do not make a distinction between the two grants awards. Thus, they have approved funding for three rounds as follows:

Round 1	\$4,400,000
Round 2	\$7,578,000
Round 3	\$1,100,000