

**STATE OF MARYLAND
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
ACTION PLAN AMENDMENT – DISASTER GRANT #2 CHANGES
October 10, 2018
Approved by HUD on December 14, 2018**

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 \$20 million of CDBG-DR funds (identified hereafter as Disaster Grant #2) under the second round of awards to be used specifically for housing and economic recovery activities related to Hurricane Sandy and other eligible storm events 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.

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-DR funding, how it would be managed, and provided information required by HUD as to impact of the storm events. The Action Plan also identified the method of distribution used by the State to determine what activities would be funded. The Action Plan is available for review at 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. The subsequent amendments to the Action Plan obligated additional funds and described projects and activities to be undertaken. Under Disaster Grant #2 Phase #1, the State obligated \$7,578,000 for a number of projects and activities in Allegany County, Charles County, Dorchester County, Garrett County and Somerset County. Under Grant #2 Phase #2, the State obligated \$2,350,000 of new funds for an on-going project in Somerset County. Under Grant #2 Phase #3, the State obligated \$4,872,000 for one

on-going project and two new projects in Somerset County. Under Grant #2 Phase #4, the State obligated \$745,000 for one new project and administrative costs. Under Grant #2 Phase #5, the State obligated \$4,455,000 for two new projects in Somerset County and for State administrative costs.

AMENDMENT

At this time, the State proposes to amend the Action Plan again related to projects only in Somerset County. This amendment impacts existing projects and adds new ones for Somerset County and the State. It does not change or alter other information or requirements found in the Action Plan or add any new funding.

As required by HUD, the State drafted an amendment to the Action Plan and made it available to the public for comment. The Action Plan was submitted to HUD for approval at the end of the 30 day public comment period.

Specifically, under this amendment, the State proposes to:

- Alter an existing project and add a new complimentary project;
- Approve a new phase to an existing project that had not been previously identified;
- Provide a plan for disposition of acquired property; and
- Rectify a problem with an existing project resulting in a new project.

Under Grant #2 Phase #2, there were two projects that provided funding to the U.S. Army Corps of Engineers to undertake design and feasibility studies. The Army Corps required the funds to be provided before the activities began. CDBG funds in the amount of \$518,210 were provided for the Tidal Dike Feasibility Study and \$350,000 for the Great Point Design project. For both cases, the Army Corps decided that the ultimate projects would be financially unfeasible and terminated them. The Army Corps returned funds in the amount of \$335,062.48 for the Tidal Dike and \$127,226.84 for Great Point for a total of \$462,289.32.

The following proposed projects would utilize a portion of the returned funds.

Rhodes Point Jetty/Shoreline Stabilization - Dredging

The proposed dredging of a water channel known as Sheep Pen Gut at the community of Rhodes Point on Smith Island is a continuation of two earlier projects funded by the Hurricane Sandy Disaster Grant – the Rhodes Point Shoreline Stabilization project and the Rhodes Point Jetty project.

Sheep Pen Gut provides access to the open waters of the Chesapeake Bay for residents of Rhodes Point, in particular local watermen who depend on access to the Bay for their livelihood. Through the years, and especially since Hurricane Sandy in 2012, silt has filled in the channel in several locations and has impeded navigation. The Army Corps of Engineers, as part of the Jetty project, is dredging the entrance of Sheep

Pen Gut but does not have available funding to complete the necessary dredging farther down the Gut, adjacent to the village of Rhodes Point.

For this additional phase, the Maryland Department of Natural Resources has agreed to partner with the County by applying for all necessary permits at the State and Federal level and providing half (\$200,000) of the total estimated dredging cost of \$400,000.

Activity Type:	Public Infrastructure
National Objective:	Urgent Need
Amount Proposed:	\$200,000
Leverage/Source:	\$200,000 / MD Department of Natural Resources
Proposed Start Date:	December 2018
Address:	Sheep Pen Gut, Rhodes Point, Smith Island
Project Description:	Dredging of silted-in areas of Sheep Pen Gut
Impact:	To continue the goals of the Rhodes Point Jetty project and improve navigation of Sheep Pen Gut serving the Rhodes Point community
Proposed Accomplishments:	Improvements to infrastructure

ACTION STEP: Obligate returned funds of \$200,000 for dredging of Sheep Pen Gut at Rhodes Point.

Maryland Avenue Well Generator

Under Grant #2 Phase #2, the County used \$85,000 to acquire and install a generator for the well located on Maryland Avenue in Crisfield. After installation, it was determined that the well was inadequate and a larger one was needed. Preliminary approval was received from HUD to allow the State and County to look for alternative sites which could utilize the existing generator and to purchase a new one for the Crisfield well.

The Deal Island Volunteer Fire Department serves as an emergency shelter when needed. They have agreed to accept the generator. This action results in a new project.

The cost to acquire and install a new generator for the Maryland Avenue well in Crisfield and to relocate the existing generator to Deal Island is \$100,000.

Activity Type: Public Infrastructure

National Objective: Benefit to Low and Moderate Income Persons – Area Benefit
455 Persons / 370 Low & Moderate Income Persons - 81.32%

Address: 10090 Deal Island Road, Deal Island 21821

ACTION STEP: Obligate returned funds in the amount of \$100,000 to acquire and install a new generator in Crisfield and to relocate the existing generator to the new location on Deal Island.

Broadband Extension and Study

Under Disaster 1 Phase #3, \$100,000 was set aside to extend broadband within the City of Crisfield. Since that time, discussions have taken place which resulted in many questions related to broadband within the county. As such, it has been determined that a countywide study is necessary to determine locations of lines, service providers, costs, and where service is deficient. This proposal would use \$50,000 to undertake a countywide study related to broadband. The resulting information would assist the County with emergency notification in the future.

Activity Type: Public Infrastructure

National Objective: Benefit to Low and Moderate Income Persons on an Area Basis.
Somerset County has a total population of 19,550 of which 11,130 or 59.93% are of low and moderate income.

ACTION STEP: Add Broadband Study for approval. Move \$50,000 from the Broadband extension activity to pay for the study.

House Disposition

Somerset County acquired three houses to use for temporary relocation for their clients who received replacement houses. At this time, the County no longer needs them and proposes to sell them. In accordance with information in the original Action Plan, the County has decided the houses will be sold to income eligible homebuyers. The income received will be used for additional disaster recovery activities as defined in the County's Program Income Plan.

To proceed, the County must initiate a public process which outlines how they will sell the houses. They must be sold to households whose total income does not exceed 80% of the area median income for Somerset County using data provided to the State annually from the U.S. Department of Housing and Urban Development. The houses must be made available to the public. The sales price of the houses cannot exceed the appraised fair market values.

The County must comply with the following:

- 1- Draft a public notice which includes a description of the County's process related to selection and sale;
- 2- Obtain an appraisal of each property to determine the fair market price;
- 3- Income qualify households using PART 5 income calculation process;
- 4- Homebuyers mortgages must be for a fixed rate for a minimum of 30 years;
- 5- Homebuyers may not acquire subprime or adjustable rate mortgages; and
- 6- Homebuyers must obtain a minimum of 8 hours of housing counseling from a HUD approved housing counseling agency.

ACTION STEP: Approve process for sale of houses.

Per the Congressional bill which funded this grant, there were specific time frames related to expenditure of funds once approved. HUD has now modified that requirement and the State and County have until October 1, 2022 to expend the balance of funds.

PUBLIC COMMENT

The draft of this plan was prepared by the Maryland Department of Housing and Community Development and posted on the DHCD website. As required by federal regulations, it was available for public comment for a 30 day period beginning on October 10, 2018 and ending on November 9, 2018. Notifications related to the plan and the hearings were published in *The Crisfield Times*, *The Somerset Herald* and *The Salisbury Daily Times* only as this Amendment only involves Somerset County.

Written comments were to be submitted via email to 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 Wednesday, October 17, 2018 at the Somerset County Office Building, Room 111, in Princess Anne at 5:00 p.m. The second hearing was held on Monday, October 22, 2018 at 10:00 a.m. at the DHCD Office Building in Lanham. A reporter attended the hearing in Somerset County.

*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 eight rounds as follows:

Round 1	\$4,400,000
Round 2	\$7,578,000
Round 3	\$1,100,000
Round 4	\$3,140,000
Round 5	\$2,350,000
Round 6	\$4,872,000
Round 7	\$ 745,000
Round 8	\$4,455,000