

**STATE OF MARYLAND
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
ACTION PLAN AMENDMENT – DISASTER GRANT #1
October 21, 2014
Approved by HUD December 3, 2014**

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 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) for the following activities:

GRANT #1 PHASE #1 ACTIVITIES	PARTIAL AMOUNT
Housing Recovery Program: Rehabilitation and construction of replacement housing for low and moderate income homeowners	\$3,150,000
Economic Recovery: Loans and grants for businesses	\$1,050,000
State Administrative Costs	\$ 200,000
Total	\$4,400,000

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. An additional amendment will be proposed for the remaining funds in 2015.

As required by HUD, the State has drafted an amendment to the Action Plan which must be made available to the public for comment. At the end of the required 30 day public comment period, the State will submit the amendment to the Action Plan to HUD for approval. It will include responses to comments received during the comment period and include changes made to the proposed activities, if any. 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 the amended Action Plan (identified hereafter as Phase 2), the State and Somerset County propose the following:

GRANT #1 PHASE #2 ACTIVITIES	PARTIAL AMOUNT
Planning	\$ 100,000
Housing Recovery - Rental	\$1,000,000
Total	\$1,100,000

Planning - \$100,000

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 assist with their on-going recovery efforts, the County would like to hire a qualified consultant to undertake a study of the remaining housing needs, to summarize housing repairs and improvements made since the storm, and to evaluate the overall condition of the existing housing stock. An additional purpose of the study is to also identify the housing units occupied or available to low and moderate income persons.

The CDBG national objective would be Benefit to Low and Moderate Income Persons through Housing Activities. Per information provided by HUD from the American Community Survey for Somerset County, the City of Crisfield, the Town of Princess Anne and census designated places, there are 27,410 persons within the county and 16,055 or 58.5% of them are of low and moderate income.

Housing Recovery – Rental - \$1,000,000

Per the HUD regulations, the State’s Action Plan must identify and address the rehabilitation, mitigation, and new construction needs of impacted public housing authorities. The State was required to consult with the Housing Authority of Crisfield to identify necessary costs and ensure that adequate funding is available to address the unmet needs of damaged public housing. Those needs and associated costs were not determined at the time the Action Plan was prepared and were deferred to be addressed in a future amendment.

The Housing Authority of Crisfield owns 330 rental housing units. Of these, 139 units were deemed uninhabitable due to damage from the hurricane and a number of others sustained a range of damage. The repairs to the damaged PHA units began immediately after the storm. The total amount of damage was estimated to cost \$8 million. The Housing Authority received funding from FEMA and insurance and borrowed funding to implement repairs that have been completed to date.

Under Phase 2, the State and Somerset County are proposing to use \$1,000,000 of CDBG funding to assist with some of the necessary repairs. While this does not cover the full amount of their remaining unmet need, it will assist them with meeting FEMA funding match requirements and to make the most necessary repairs.

Staff from Somerset County’s Department of Technical and Community Services have conducted inspections of the Housing Authority property. Working with the Housing Authority staff, they have developed a list of repairs and improvements that can be completed with the CDBG funds. The County will be responsible for procurement, payment, inspections and approval of all required work. The management of activities by the County will insure consistency with policies and procedures that have been implemented for this grant.

The Housing Authority will be required to carry sufficient insurance and flood insurance on all units and improvements assisted with the CDBG funding. The Housing Authority will be required to maintain flood insurance in perpetuity.

The CDBG National Objective would be Benefit to Low and Moderate Income Persons through Housing Activities.

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 October 21, 2014 and ending on November 19, 2014. Notification related to the plan were sent to DHCD's mailing list of approximately 800 people and through notices published in *The Crisfield-Somerset County Times*, *The Salisbury Daily Time* and *The Baltimore Sun*.

Written comments were to be submitted via email to cdbg-disaster@mdhousing.org or via mail to: Cindy Stone, Director, Office of Community Programs, DHCD, 100 Community Place, Crownsville, MD 21032. No written comments were submitted.

Additionally, the State conducted two public hearings related to the proposed activities found within this amendment. The first one was held on October 27, 2014 at 6:30 p.m. at the Somerset County Office Building in Princess Anne. The second one was held on November 12, 2014 at 3:00 p.m. at the DHCD Office Building in Crownsville. Only one person attended the first hearing.

Upon review, the U.S. Department of Housing and Urban Development approved this plan on December 3, 2014.