

# STATE OF IOWA ACTION PLAN # 1 (Including Amendments # 1 through # 10, and Technical Modifications # 1 through # 6)

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## Utilizing Supplemental CDBG Disaster Recovery Funding from the Supplemental Appropriations Act (Public Law 110-252), 2008

Through U.S. Department of Housing and Urban Development

Docket No. FR-5250-N-01

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## **INTRODUCTION**

The State of Iowa is required to publish an Action Plan for Disaster Recovery (Action Plan) that describes the proposed use of U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funding associated with the Supplemental Appropriations Act, 2008 (Public Law 110-252, approved June 30, 2008) for disaster relief of unmet needs resulting from tornadoes and flooding in the state.

This document will describe:

- the citizen participation process used to develop the Action Plan;
- eligible affected areas and applicants, and the methodology to be used to distribute funds to those areas and applicants;
- activities for which funding may be used; and
- grant administration standards.

This Action Plan will be used by the state to guide the distribution of \$85,000,000 of CDBG Disaster Recovery Funding toward meeting unmet housing, infrastructure, business, public service, public facility, and other needs in counties designated as Presidential Disaster Areas, as directed by Public Law 110-252 and HUD.

Amendments to this Plan will be expected as additional funds become available.

This Action Plan is in relation to the U.S. Department of Housing and Urban Development's Notice of Funding Availability provided in Federal Register / Volume 72, Number 13, Docket No. FR-5250-N-01.

## **THE EFFECT OF THE DISASTERS AND IOWA'S RECOVERY NEEDS**

In the late spring and early summer of 2008, the State of Iowa suffered through a series of disastrous events, tornados followed by record-breaking floods. In some cases, the same community was hit by both events. Also, in some Iowa communities the 2008 flood crested 8 feet higher than the flood of 1993.

Among the larger communities, Cedar Rapids, Iowa's second-largest city, was especially hard hit. It is estimated that 1300 blocks in Cedar Rapids were flooded to the point that repair/rehabilitation will be difficult to impossible in many of those areas.

It is estimated that, statewide, over 21,000 housing units have been damaged, with over 4200 of those destroyed or suffering major structural damage. Also, an estimated 2400 businesses were damaged physically, and another 3000+ have suffered economic losses. It is quite clear that FEMA and SBA assistance will not come close to covering all of the uninsured costs associated with the damage.

Following are estimates of damages compiled by the Rebuild Iowa Advisory Commission in just three community/ economic development categories. (The full reports from the Commission are available at <http://rio.iowa.gov/> )

### **Economic and Workforce Development**

- Total estimated unmet need for small and intermediate businesses - \$2.78 billion
  - » \$5.36 billion total assessed damage.
  - » Approximately 4,800 non-manufacturing small businesses and 800 intermediate businesses were impacted.
- Large businesses experienced an estimated \$100 million in losses.
- Small business and non-profit corporations - \$600 million in lost revenue in one year in the Cedar Rapids area, according to a report from Iowa Commercial Realty in Cedar Rapids.
- Physical damage to businesses from a Safeguard Iowa online survey - \$426,011,267; economic loss - \$178,593,361.
- Manufacturing damages and lost income from the ISU Center for Industrial Research and Service (CIRAS) survey - \$100 million projected.
- Increase in unemployment rate from Iowa Workforce Development data – 3.9% in May; 4% in June; 4.3% in July, 4.6% in August.

- Initial claims for unemployment insurance program - increased by over 6,500 (over 44% increase) from May to June 2008, according to Mass Layoffs Statistics.

#### Housing

Cost to communities and to the state to repair and replace the damage to housing:

- The total unmet housing need is \$946 million for single family and multi-family housing
  - » \$90 million is for rental property
  - » \$856 million is for single family dwellings
- The unmet housing need represents need remaining after all insurance and government housing program assistance is taken into account.

#### Infrastructure and Transportation

- Roads and bridges
  - » Federal aid routes - \$30 million according to Iowa Department of Transportation as of August 8, 2008
  - » County roads - \$43 million according to FEMA County Survey as of July 31, 2008
  - » Roads and bridges - \$55 million according to FEMA as of July 29, 2008
- Public Transit - \$53 million according to Iowa Department of Transportation as of August 8, 2008
- Rebuild Iowa Advisory Commission
- Railroads, according to Iowa Department of Transportation as of August 8, 2008
  - » Class 1 railroads - \$45 to \$60 million
  - » Short line railroads - \$23 million
- Communications and Utilities
  - » Telecommunications - \$66 million according to Iowa Telecom, rural independent telephone companies, and Qwest as of August 7, 2008
  - » Public utilities (water, wastewater, power generation, communications) - \$342 million according to FEMA as of August 11, 2008
  - » Private utilities and communications companies are not eligible for FEMA assistance.
- Flood control facilities (drainage channels, pumping facilities, some flood control facilities) - \$13 million according to FEMA estimates as of August 11, 2008
- Public buildings and equipment - \$380 million according to FEMA estimates as of August 11, 2008
  - » In order for public buildings located in a floodplain to receive FEMA assistance, they must pay the first \$500,000 of cost for damage to the structure and \$500,000 of cost for damage to contents.
  - » This creates an additional unmet need for many communities.
- Total estimated unmet need for public buildings and infrastructure - \$703 million
  - » Total damages to publicly-owned buildings and infrastructure - \$798.3 million
  - » Information was compiled in cooperation with other state and federal agencies by the Rebuild Iowa Office.

## FEDERAL AND STATE RESPONSES TO DATE

Congress has passed the Supplemental Appropriations Act, 2008 (PUBLIC LAW 110-252—JUNE 30, 2008), which appropriated \$300,000,000 in Community Development Block Grant funds related to disaster relief, long-term recovery, and restoration of infrastructure in areas covered by a declaration of major disaster under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) as a result of recent natural disasters. The State of Iowa has initially been allocated \$85,000,000 of the CDBG funds for recovery from the impacts of the severe storms, tornadoes, and flooding experienced in Iowa.

The state has been very active in responding to the disasters. On June 27, Governor Culver signed Executive Order 7 creating the Rebuild Iowa Office (RIO), whose mission is to lead the state of Iowa's efforts to rebuild safer, stronger and smarter in the wake of the 2008 severe storms and catastrophic flooding. The office envisions a resilient Iowa that will be safe, sustainable and economically strong for its people, reaffirming its ties to the land, rivers, environment and rich cultural history.

The Rebuild Iowa Office works closely with the Rebuild Iowa Advisory Commission, an appointed body of 15 bipartisan local officials and community members from across the state — many of whom were personally affected by

the storms and flooding. The RIAC reports to the Lt. Governor and oversees nine recovery task forces, which will help facilitate public dialogue on complex recovery issues and make recommendations in focused issue areas.

Less than three weeks after Governor Culver signed Executive Order 7, the Rebuild Iowa Office opened its doors, held its first Rebuild Iowa Advisory Commission meeting and was fully staffed.

The initial report on the disaster and needed recovery efforts by RIO was released on September 2, 2008. In addition, nine individual Task Forces were assembled to study and report on separate aspects of the disaster damages and recovery needs. Those reports address the topics of

- Agriculture and Environment
- Cultural Heritage and Records Retention
- Economic and Workforce Development
- Education
- Flood Plain Management and Hazard Mitigation
- Housing
- Infrastructure and Transportation
- Long Term Recovery Planning
- Public Health and Health Care

Reports on each of these topics have also been produced and are available at <http://rio.iowa.gov/>

## **CONSULTATION WITH LOCAL GOVERNMENTS**

The Rebuild Iowa Office, the Rebuild Iowa Advisory Commission, the Rebuild Iowa Task Forces, and a variety of state agencies, including the Department of Economic Development, have had multiple discussions with local government staff and officials regarding the development of the 2008 Rebuild Iowa Disaster Recovery Action Plan.

The Commission held six meetings in July and August to tour damage in affected parts of Iowa, receive updates on recovery progress, and provide input to the Rebuild Iowa Office.

Members of the Commission also serve as Task Force Chairs for the nine RIO Recovery Task Forces. Task Force membership was solicited through a public process requesting Iowans to volunteer to serve in one of the nine areas. Responses were overwhelming, and all volunteers who applied were invited to participate as either a Task Force member or a Resource Group member. Over 500 Iowans ended up serving on the nine Task Forces. Many of these volunteers are local government officials.

In addition to feedback from Iowans and local governments during Commission and Task Force meetings, the Rebuild Iowa Office toured the state, reaching out to Iowans in affected areas. Speak Up Iowa! public input sessions provided an opportunity for RIO staff and federal agencies to connect with Iowans by linking them with resources, information, and assistance. In addition, the RIO sought feedback from all individuals regarding circumstances, issues, and impact related to their unique experiences with the disaster events and recovery.

Over 650 Iowans participated during the 45-day information-gathering time period through Task Force meetings, Speak Up Iowa! public input sessions, and through online and telephone feedback. A timeline of the RIAC public participation process is included in Appendix B.

The Department of Economic Development has had numerous meetings and discussions with representatives of entitlement communities, other local governments and Councils of Government to discuss recovery priorities and potential allocation methodologies. The Department will continue to coordinate and invite affected local governments to provide input on this action plan.

The 2008 State of Iowa Disaster Recovery Action Plan will be made available to citizens, affected local governments and other interested parties via publication on the Department's website as well as through email notification. The Draft Action Plan was attached by email in a note to all cities, counties, and Councils of Government (COGs) in the state. The COGs have been asked to make the Draft Action Plan available on their individual websites, as well as at their offices. Notification of the Draft Action Plan's availability was published in the statewide newspaper, The Des Moines Register.

The Governor's Office has had several news releases announcing the imminent funding and referring to the proposed Action Plan. All comments regarding the Action Plan will be considered. A summary of all public comments and the state's responses to those comments are provided in Appendix A to this Action Plan. The Department will continue to utilize its website, email communications as well as traditional forms of communication to provide reasonable opportunity for citizen comment and ongoing citizen access to information on the use of grant funds.

The state will make the Plan available to persons with disabilities and non-English speaking persons. The Department will brief key staff at the Department of Human Rights (Division of Latino Affairs, Division of Persons with Disabilities, etc.) on the Plan. The Department will prepare an Executive Summary of the Plan, in Spanish, in brochure or similar form, and distribute through the Department of Human Rights, and through COGs and local governments, and require the local/regional administrators to publicize and make the Summary available as well.

The final Action Plan will include a summary of all public comments and IDED's response(s) to those comments.

In its regular CDBG and HOME programs, the IDED coordinates the application and award of funds for community development projects with the Iowa Finance Authority, Department of Natural Resources, and U.S. D.A. – Rural Development. These and other alliances will be continued and expanded to serve communities targeted for 2008 disaster recovery funding.

# FEDERALLY-DESIGNATED AREAS ELIGIBLE FOR ASSISTANCE

Counties where the CDBG Disaster Recovery Funds may be used were determined by the FEMA Declaration FEMA-1763-DR dated May 27, 2008, for Iowa Severe Storms, Tornadoes, and Flooding (May 27, 2008 and continuing.)

Eighty-six (86) of the 99 counties in the state have been included in one or more federal or state disaster declarations. The Federal Emergency Management Agency has designated 78 counties for individual assistance and 84 counties for public assistance. Governor Culver has declared a total of 86 counties as disaster areas.

Figure 1 is a map of the counties that are eligible under the FEMA Individual Assistance Program (IAP) and the Public Assistance Program (PAP) This map can also be accessed at the Federal Emergency Management (FEMA) website at <http://www.fema.gov> (general FEMA website) and more specifically at [http://www.gismaps.fema.gov/2008graphics/dr1763/dec\\_1763.pdf](http://www.gismaps.fema.gov/2008graphics/dr1763/dec_1763.pdf)

The CDBG Disaster Recovery Funding may be used in the 85 counties that are eligible for assistance under the two FEMA programs. (84 counties designated for Public Assistance, plus one county designated for Individual Assistance only.)

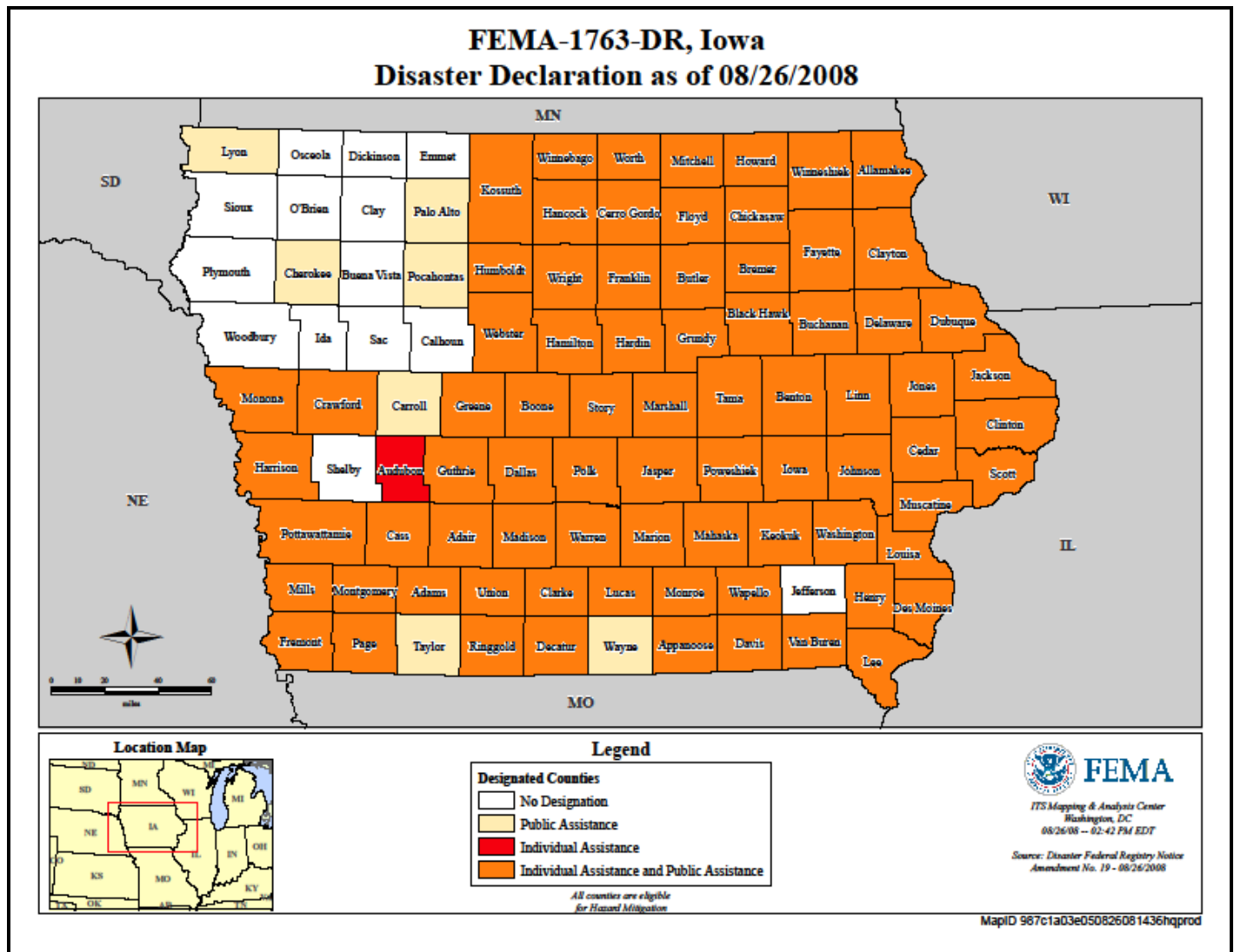


Figure 1



## **PROMOTION OF SHORT- AND LONG-TERM RECOVERY PLANNING**

The following immediate (short-term) and longer-term recommendations for action come from the initial 45-Day Report to the Governor from the Rebuild Iowa Commission.

### *Immediate (Short-Term) Recommendations*

- 1)** Provide advice and support to individuals and families, businesses, farmers, nonprofit organizations, and others seeking assistance in making their way through the challenges of rebuilding their lives in a “case management” framework. Help will be easily accessed locally across the state for all categories of need, including:
  - Housing
  - Mental health and mental health first aid
  - Health care
  - Information on programs and assistance available
  - Completion of applications for assistance
  - Information on decision making, including protection from falling victim to unqualified contractors and fraudulent practices
  - Shortcutting local, state, and federal red tape in accessing assistance
- 2)** Ensure immediate needs housing for all who need to be relocated, temporarily or permanently, before cold weather arrives.
- 3)** Provide incentives immediately for Iowa’s struggling small businesses, microenterprises, and non-profits for restoration and rebuilding of their businesses.
- 4)** Complete floodplain mapping for the entire state.
- 5)** Identify and create funding options and provide flexibility for local and state governments to assist Iowa in rebuilding an even better Iowa.
- 6)** Expedite the flow of funds from the federal level, through the state, and to the local levels of government.
- 7)** Provide resources and capacity to ensure public health is maintained.

### *Subsequent (Long-Term) Recommendations*

Of course, once the initial recommendations are underway, there is an expectation that they will be supported and maintained over time. There is also an expectation that some will be developed, adjusted, and continued to the next level of implementation. The Commission also developed among its priorities a set of subsequent recommendations that will become part of the Commission’s consideration as it undertakes further work in the coming months.

- 1)** Continue to provide advice and support to individuals seeking assistance in making their way through the challenges of rebuilding their lives in a “case management” framework while creating a lasting organizational capacity and process over time.
- 2)** Ensure availability of adequate, affordable housing and the ability of individuals and families to rent or purchase those homes.
- 3)** Provide incentives for Iowa’s struggling small businesses, microenterprises, and non-profits for restoration and rebuilding of their businesses.
- 4)** Complete floodplain mapping for the entire state as begun under the immediate action items.
- 5)** Identify, create, and sustain funding options and provide flexibility for local and state governments to assist Iowa in rebuilding an even better Iowa.
- 6)** Invest in local emergency management agencies for the central coordination function and work in all areas of emergency management – preparedness, response, recovery, and mitigation.
- 7)** Support integrated, regional planning to address recovery, and leverage multi-jurisdictional strengths for ongoing initiatives.
- 8)** Promote and support communications and outreach initiatives to educate and support Iowans as they recover and plan for future disasters.
- 9)** Move state policy forward and lead the discussion with regional and local interests on floodplain and watershed management.
- 10)** Sustain community identity, quality of life, and cultural heritage.

## **PROMOTING HIGH QUALITY, DURABLE, ENERGY EFFICIENT, AND MOLD RESISTANT CONSTRUCTION METHODS**

All newly constructed multi-family and single-family housing must meet all locally adopted and enforced building codes, standards and ordinances. In the absence of locally adopted and enforced building codes, standards and ordinances, the requirements of the State Building Code apply. All newly constructed housing must also meet the requirements of the 2006 International Energy Efficiency Code.

All multi-family housing activities involving rehabilitation must meet all locally adopted and enforced building or housing codes, standards or ordinances. In the absence of locally adopted and enforced building or housing codes, standards or ordinances, the requirements of the State Building code apply.

The State Building Code (Department of Public Safety) has adopted the International Building Code and related publications.

All single-family housing activities involving rehabilitation must meet all locally adopted and enforced building or housing codes, standards or ordinances. In the absence of locally adopted and enforced building or housing codes, standards or ordinances, the requirements of the Iowa Minimum Housing Rehabilitation Standards apply (all communities with populations of less than 15,000). Communities with populations of 15,000 or greater are required by state law to adopt a housing code.

## **PROVISION OF ADEQUATE, FLOOD-RESISTANT HOUSING FOR ALL INCOME GROUPS THAT LIVED IN THE DISASTER-IMPACTED AREAS**

The State of Iowa will provide up to 45 percent of its CDBG supplemental appropriation for affordable single family housing activities, including rehabilitation, homebuyer assistance and interim mortgage assistance. The Iowa Department of Economic Development will continue to coordinate and collaborate with the Iowa Finance Authority to provide funding for multifamily affordable housing in the impacted areas.

Iowa addresses its emergency shelter and transitional housing needs through its local Continuums of Care and the Balance of State Continuum of Care. The Iowa Finance Authority, through a memorandum of understanding with the Iowa Department of Economic Development, administers both the state and federal homeless programs that also provide emergency shelter and transitional housing funding to entities throughout the state. Through these programs, operated at the local level, the needs of the homeless and those at risk of homelessness are being addressed.

Homeless shelters and transitional housing units impacted by the flood will be eligible for assistance through the housing assistance component of this plan, if these facilities were located outside the 100 year flood plain. If they were within the 100 year flood plain the facilities will be eligible for assistance to rebuild outside the flood plain.

The State of Iowa's Consolidated Plan, approved by HUD in 2005, identifies specific strategies and actions that the state takes to address a variety of housing needs for low and moderate income persons, the at risk population group, as well as those with special needs (i.e., elderly, frail elderly, persons with disabilities, persons with alcohol or other drug addictions and person diagnosed with HIV/ AIDS). There is a need for a wide variety of housing options ranging from independent living to supported independent living to group settings to specialized care. Beyond the bricks and mortar is the need to blend required support services with the appropriate affordable housing options. All of these issues will need to be considered as we rebuild our communities following our recent flooding and tornados.

All new construction and rehabilitation must keep in mind the needs of the potential occupants of the units, particularly the needs of those with special needs. Lead COGs and entitlement cities will be required to work with nonprofit agencies as well as persons providing housing to special needs individuals and groups to ensure that their housing is replaced or rehabilitated in a manner appropriate to their needs.

Iowa hopes to use its Homeless Management Information System (HMIS) service provider, Service Point, as a tool to assess the needs of the individuals and families, as a way of linking them to the available services, as a record of how each family was assisted and finally as an indicator to see if needs still remain.

## **METHOD OF DISTRIBUTION**

The following are the activities included in Iowa's portion (\$85 million) of the first \$100 million HUD disaster allocation, with amended activities and dollar amounts to describe the proposed uses of Iowa's portion (\$71,690,815) of the remaining \$200 million of the HUD disaster allocation.

### **I. HOUSING ACTIVITIES**

#### **A. Housing repair/ rehabilitation, homebuyer assistance, and interim mortgage assistance.**

Owner-occupied homes and rental units not slated for buyouts will receive assistance to make needed repairs and rehabilitation. Within this overall repair/ rehabilitation program, different requirements will apply, depending upon the cost of the needed/ requested repairs. The overall maximum for any assistance will be \$60,000. If the cost is \$25,000 or higher, then the structure will be required to meet all applicable property standards after repair. If the cost is less than \$25,000, then the full set of property standards compliance will not be required. This category of housing repair (below \$25,000) is being called Jumpstart Express, in recognition of the lesser property standards compliance. Although it has a separate name, this is not a separate activity, it is simply a different level of housing repair/ rehabilitation. It is also important to note that all lead-based paint requirements will apply to any housing repair/ rehabilitation, regardless of the cost or level of rehabilitation. Households whose homes were destroyed or damaged beyond reasonable repair will be offered assistance on the down payment for replacement housing. Households who are within buyout areas will be offered assistance to maintain mortgages that would otherwise go into default, during the period before the buyout occurs.

1. Allocation for Activity: \$35 million was allocated to this activity from the first HUD award. \$22,518,337 was added to this under Amendment # 1. Under Amendment # 5, \$10 million was transferred from this activity to Activity G., Public Infrastructure – Non-FEMA, for a revised total for this activity of \$47,518,337. Amendment # 6 reduced this amount further by \$1,500,000, which is transferred to new Activity I, Home Foreclosure Counseling Services. Amendment # 7 reduced the budget by \$18,800,529. Amendment # 8 increased the amount under this activity by \$2,662,272. Amendment # 9 decreased the amount under this activity by \$1,149,305. Amendment # 10 decreased the amount under this activity by \$582,477. Technical Modification # 5 decreased the amount under this activity by \$19,506. This brings the current total for this activity under Plan 1 to \$28,128,792.

2. Eligible Applicants: Direct applicants for this activity are the cities of Cedar Falls, Cedar Rapids, Des Moines, Iowa City, and Waterloo, and "lead" counties applying on behalf of Disaster Recovery Areas consisting of the following counties, excluding the cities named above:

Area 1 counties: Allamakee, Black Hawk, Bremer, Buchanan, Butler, Chickasaw, Clayton, Fayette, Grundy, Howard, Winneshiek. The lead county for purposes of contracting/ fiscal agent is Black Hawk County.

Area 2 counties: Boone, Calhoun, Cerro Gordo, Floyd, Franklin, Hamilton, Hancock, Hardin, Humboldt, Jasper, Kossuth, Marshall, Mitchell, Pocahontas, Polk, Poweshiek, Story, Tama, Webster, Winnebago, Worth, Wright. The lead county for purposes of contracting/ fiscal agent is Cerro Gordo County.

Area 3 counties: Audubon, Buena Vista, Carroll, Cass, Cherokee, Clay, Crawford, Dallas, Dickinson, Emmet, Fremont, Greene, Guthrie, Harrison, Ida, Lyon, Mills, Monona, Montgomery, Obrien, Osceola, Page, Palo Alto, Plymouth, Pottawattamie, Sac, Shelby, Sioux, Woodbury. The lead county for purposes of contracting/ fiscal agent is Cass County.

Area 4 counties: Cedar, Clinton, Delaware, Des Moines, Dubuque, Henry, Jackson, Lee, Louisa, Muscatine, Scott. The lead county for purposes of contracting/fiscal agent is Dubuque County.

Area 5 counties: Benton, Iowa, Johnson, Jones, Linn, Washington. The lead county for purposes of contracting/fiscal agent is Linn County.

Area 6 counties: Adair, Adams, Appanoose, Clarke, Davis, Decatur, Jefferson, Keokuk, Lucas, Madison, Mahaska, Marion, Monroe, Ringgold, Taylor, Union, Van Buren, Wapello, Warren, Wayne. The lead county for purposes of contracting/fiscal agent is Union County.

3. Threshold Criteria:

- (i) All proposed activities will take place in Presidential-declared disaster areas.
- (ii) Application is from an eligible applicant
- (iii) Applicant's capacity to undertake the activities
- (iv) Applicant's area does not overlap area(s) of other selected applicants

All applicants meeting the threshold criteria will be selected.

A plan of action, following a template provided by the State, will be required from successful applicants.

4. Allocation to Cities and Disaster Recovery Areas: Allocations from the amount devoted to this activity will be based on the extent of housing damage in the applicant's area. The percent of Iowa FEMA Housing Assistance awarded within the applicant's jurisdictions by September 16, 2008 was multiplied times the original \$35 million allocation plus the second allocation of \$22,518,337 for this activity to yield the applicant's total award. The percentage distribution that will be used is as follows:

Area 1: 10.63%	Cedar Falls: 4.64%
Area 2: 8.65%	Cedar Rapids: 39.65%
Area 3: 2.71%	Des Moines: 3.29%
Area 4: 10.87%	Iowa City: 3.43%
Area 5: 7.88%	Waterloo: 3.42%
Area 6: 4.82%	

Pursuant to Amendment # 5, the awards are proportionately reduced by a total of \$10 million. The Department may also negotiate with individual recipients to adjust award amounts to match actual needs.

Redistribution of funds. The original formula allocation used above was based on FEMA housing assistance data from September, 2008. This was the best information available at the time about housing needs. As work on this activity progresses, the Department intends to adjust existing contract amounts and any additional awards to meet actual demonstrated needs. Adjustments will be based on need as documented by the subrecipients' current commitments, plus additional need as evidenced by applications in hand. Adjustments to amounts already under contract, if needed, will be accomplished by making adjustments to allocations when subrecipients seek time extensions to contracts, or through mutual agreement between the Department and individual subrecipients.

**B. Lead Hazard/Lead-Based Paint Abatement Training**

The allocation to this activity will fund training for contractors and other professionals involved with lead hazard/lead-based paint abatement. Building capacity for this throughout the disaster recovery area is a critical need.

This activity will involve training for persons and firms serving the entire designated disaster area in Iowa. IDEED will contract directly for this activity. Training would occur at locations throughout the state. Training would be offered for several categories of specialists, most likely the following 4 categories; Sampling Technician, LBP Inspector/Risk Assessor, Abatement Contractors, and Abatement Workers. A competitive procurement process would be utilized to select the training providers, most likely through an RFP. The goal would be to accomplish the training over the next 4 to 6 months.

**Allocation for Activity:** \$250,000 will be allocated to this activity from the current HUD award.

### **C. Housing Buyouts – FEMA Match**

CDBG funds will be used as match required for the FEMA home buyouts in flood-prone areas.

1. Allocation for Activity: \$20 million was allocated to this activity from the first HUD award. Technical Modification # 4 to Plan 1 transferred \$15 million from this activity to Activity D., New Housing Production, Amendment # 8 further reduces the budget by \$8,952 which is transferred to Activity D, New Housing Production resulting in \$4,991,048 remaining in the Housing Buyout budget under Action Plan 1.

2. Eligible Applicants: Eligible applicants to the FEMA Hazard Mitigation Grant Program

3a. Threshold criterion:

(i) Receipt of an award commitment for the FEMA Hazard Mitigation Grant Program for housing buyouts.

3b. Criterion for Selection:

(ii) Projects will be funded in order of priority determined by Iowa Homeland Security Emergency Management Division.

4. Grant Size limits: Limited to 25% or less of the total for housing buyouts in approved FEMA Hazard Mitigation Programs awards.

### **D. New Housing Production**

Assistance will be provided to developers of new affordable rental and owner-occupied housing. These units will replace housing lost due to the disaster. The assistance may also be used for streets, sewer and water extensions linked to development of replacement housing.

1. Allocation for Activity: \$5 million was allocated to this activity from the first HUD award. \$17,035,737 was added to this from the second HUD award, for a total of \$22,035,737. Technical Modification # 4 to Plan 1 transferred \$15 million to this activity from Activity C., Housing Buyouts – FEMA Match. Amendment # 7 added \$18,800,529. Amendment # 8 added \$3,730,547. Amendment # 9 added \$2,379,747, Amendment # 10 added \$612,000 and Technical Modification # 6 added \$636,062 increasing the Plan 1 total to \$63,194,622 for the New Housing Production activity.

2. Eligible Applicants: City and county governments.

3a. Threshold criterion:

(i) All projects will be located in Presidential-declared disaster counties.

3b. Criteria for Selection:

- (ii) Extent of loss of housing units in the neighborhood or community, especially those units affordable to low- and moderate income households.
- (iii) Capability and experience of the applicant
- (iv) Program subsidy cost per unit
- (v) Time frame for completion of housing units
- (vi) Proportion of units affordable to low- and moderate income household
- (vii) For new rental housing, priority will be given to projects involving the disaster set-aside of the Low Income Housing Tax Credit program administered by the Iowa Finance Authority.

All criteria will be weighted equally.

4. Grant Size limits: \$60,000 per housing unit for initial rounds of funding. Grant sizes varied per round based on documented need.

## II. ECONOMIC DEVELOPMENT

### E. Small Business Stimulus

Business owners suffering physical damage or economic loss will be offered forgivable loans up to \$50,000. The purpose of these loans is to provide working capital to help ensure business survival.

1. Allocation for Activity: \$10 million was allocated to this activity from the first HUD award. The HUD award included in Amendment # 1 allocated an additional \$6 million. Amendment # 8 reduces the budget by \$1 million bringing the total for this activity to \$15 million. Amendment # 9 reduces the amount under this activity by \$413,627 which brings the final total for this activity to \$14,586,373. This activity is complete.

2. Eligible Applicants: The same eligible applicants listed under Activity A. above, “Housing repair/ rehabilitation, homebuyer assistance, and interim mortgage assistance”, are the eligible applicants for this activity.

#### 3. Threshold Criteria:

- (i) Capability and experience with business assistance programs, especially disaster relief
- (ii) Commitment to use the following criteria for assistance to individual businesses:
  - (a.) Business suffered physical damage or economic loss due to the 2008 disasters.
  - (b.) Approval of a disaster loan from the U.S. Small Business Administration (SBA), a financial institution, or an economic development corporation or other equivalent types of loans.
  - (c.) Assistance to be provided as a forgivable loan equal to 25% of the loan received under (b), up to a maximum of \$50,000.
  - (d.) Commitment to re-open business within 12 month of receipt of assistance

All applicants meeting the threshold criteria will be selected.

4. Program Grant Size: Grants to local program operators will be based on the total approved SBA disaster loan amounts within the operator’s jurisdiction as of September 17, 2008, as a percent of the total SBA disaster loan amount awarded in the state. Since SBA figures have only been available at the county level, city percentages were calculated by multiplying the county SBA loan amount percentage times the city’s percentage of the county’s FEMA Housing Assistance. Percentage funds distributions by eligible applicant for both the original \$10 million and the current \$5 million are as follows:

Area 1: 6.67%	Cedar Falls: 3.09%
Area 2: 2.40%	Cedar Rapids: 61.52%

Area 3: 0.04%  
Area 4: 5.63%  
Area 5: 9.75%  
Area 6: 0.48%

Des Moines: 0.73%  
Iowa City: 7.40%  
Waterloo: 2.28%

### III. PUBLIC FACILITIES AND SERVICES

#### F. Infrastructure – Match for FEMA Hazard Mitigation Projects

CDBG funds will be used as match required for infrastructure projects funded under the FEMA Hazard Mitigation Program.

1. Allocation for Activity: No funds were allocated to this activity from the first HUD award. \$16 million was allocated in Amendment # 1. Amendment # 8 reduced the budget by \$4,734,717. Amendment # 9 reduced the budget by \$498,489. Amendment # 10 reduced the budget by \$29,523. Technical Modification # 5 reduced the budget by \$4,966,905. This brings the current total for this activity to \$5,770,366.

2. Eligible Applicants: Recipients of awards from the FEMA Hazard Mitigation Grant Program

3a. Threshold criterion: Receipt of an award commitment for the FEMA Hazard Mitigation Grant Program for infrastructure projects.

3b. Criterion for Selection: Projects will be funded in order of priority determined by Iowa Homeland Security Emergency Management Division.

4. Grant Size limits: Limited to 25% or less of the total for an infrastructure project in an approved FEMA Hazard Mitigation Grant Programs awards.

#### G. Public Infrastructure – Non-FEMA

This assistance is for projects that FEMA or other sources cannot fund, but which are nevertheless critical to recovery. Examples include damaged water and sewer systems, storm drainage, levees, roads and bridges.

1. Allocation for Activity: \$10.75 million was allocated to this activity from the first HUD award. \$5 million was added to this under Amendment # 1. Under Amendment # 5, \$10 million was transferred to this Activity from Activity A., Housing repair/rehabilitation, homebuyer assistance, and interim mortgage assistance, for a revised total for this Activity of \$25.75 million. Amendment # 8 reduced the budget by \$403,108. Amendment # 9 reduced the budget by \$318,326. Technical Modification # 5 increased the budget by \$4,986,411. This brings the current total for this activity in Plan 1 to \$30,014,977. All funds are obligated for this activity. All funds are obligated for this activity.

2. Eligible Applicants: City and county governments

##### 3a. Threshold Criteria

(i) Project will address need arising from the 2008 disaster

(ii) Project is the best alternative to resolve the need

##### 3b. Criteria for Selection:

(iii) Urgency of the need for the facility; threat to health, safety, or welfare

(iv) Sufficient other local, state, or federal funds either are not available or cannot be obtained in the time frame required.

(v) Use of additional local taxes or user fees in place of the requested assistance would place undue burden on residents, especially low- and moderate income households.

(vi) Likelihood that the project will be completed in a timely manner.

(vii) Benefit to low and moderate income persons

All criteria will be weighted equally.

4. Grant Size limits: No single project may be awarded more than \$25 million.

#### H. Disaster Recovery Case Management:

Disaster recovery case management assistance will be provided throughout the declared disaster area in Iowa. IDED will contract directly for these services.

The primary purpose of the Disaster Recovery Case Management activity is to ensure that all Iowans receive the necessary assistance and access to resources to recover from disaster. Case advocates will establish one-on-one relationships with individual clients impacted, to assess disaster related needs, develop long term recovery goals and plans, and implement steps to achieve their recovery goal.

The Rebuild Iowa Office will manage the Iowa Disaster Recovery Case Management system. Direct services for this activity will be subcontracted to the Iowa Disaster Human Resources Council and not-for profit community service agencies sponsoring local Long Term Recovery Committees. These agencies have been identified as the following:

Cedar Valley United Way, Buchanan County CPC, Central Iowa Chapter of the American Red Cross, Clayton County Food Shelf, Community Foundation of Greater Dubuque, United Way of the Quad Cities, United Way of Muscatine, United Way of East Central Iowa, Episcopal Diocese of Iowa, United Way of Johnson County, United Way of Story County, Northeast Iowa Community Action Corporation, and Lutheran Services of Iowa, United Way and Community Foundation of Northwest Iowa, and Des Moines County Agricultural Extension District.

This is a public service under HUD CDBG eligibility guidelines, for which the national objective would be urgent need due to disaster. The Iowa Disaster Recovery Case Management project will provide support for case management services for up to 5,185 individuals. This figure is derived from the national standard for providing disaster case management services to 13% of FEMA registrants; in Iowa, we have had 39,884 registrants to date. Typically, one case manager will provide 48 hours per case and carry a caseload of up to 50 cases. RIO allocation of funds to subcontractor agencies will be based on estimates of the number of individuals within areas served by the Long Term Recovery Committee(s) sponsored by the subcontractor agencies. For those counties that have not formed a Long Term Recovery Committee, the Iowa Disaster Human Resource Council (IDHRC) will provide the disaster case management.

**Allocation for Activity**: \$1,302,200 was allocated to this activity from the current HUD award. Amendment # 8 reduces the budget by \$217,146. This brings the current total for this activity to \$1,085,054. This activity is complete.

#### I. Home Foreclosure Counseling Services

Home foreclosure counseling assistance will be provided throughout the declared disaster area in Iowa. The State will contract directly for these services.

The primary purpose of this activity is to stabilize housing markets and provide adequate housing by preventing or mitigating the effects of home foreclosures in disaster-impacted areas. The current source of funds for foreclosure



counseling services in the disaster area will be depleted soon; however the demand for these services remains high, with over 100 applications coming in per week.

Counselors will work one-on-one with individual clients to assess needs related to potential foreclosures, and to develop and implement personalized action plans to avoid or mitigate foreclosures. This is a public service under HUD CDBG eligibility guidelines, for which the primary national objective would be urgent need due to disaster. This program will also likely qualify under the national objective of primary benefit to low- and moderate income households.

Allocation for Activity: \$ 1,500,000 is allocated to this activity. Amendment # 8 reduces this Activity by \$28,896. This brings the total for this activity to \$1,471,104. This activity is complete.

#### **IV. ADMINISTRATION**

##### **J. State and Local General Administration**

State and local general administration will include staff, equipment, consultant, and other operating costs involved in selection, funding, assisting, and monitoring local projects, detailed quarterly reporting to HUD, documentation of adherence to all laws, and other expenses.

1. Allocation for Activity: The State allocated the maximum allowed 5% (\$7,834,541) of the total allocation of \$156,690,815 to Administration. Technical Modification #6 decreased this amount by \$636,062 to bring the total for this activity to \$7,198,479.

#### **CONTACT INFORMATION AND LINKS TO ENTITLEMENT CITIES AND COGS**

Contact Information for Entitlement Cities and for COGs is shown in Appendices C and D to this Plan.

#### **APPLICATION PROCEDURES/FORMS**

Up to this point in the Disaster Recovery process, the only funding that has been applied for is Small Business Assistance and the Housing Repair/Homebuyer Assistance/ Interim Mortgage Assistance. These funds were allocated to regions/ areas according to estimated damages, they were not allocated on a competitive basis.

Appendix # 1 – 2008 DRH Cedar Rapids Attachment A is a sample of the plan of action based on the state-provided template that each of the potential recipients was asked to complete and return for these two categories of funding.

IDED did not rate and rank the applications for Business Assistance and Housing. Funding was distributed for these activities based on FEMA and SBA estimates of damages, not on a rating and ranking scheme. Appendices # 2 and 3, “City Application” and “County Application” are samples of the General Applications used for Business Assistance and Housing Assistance. Appendix 4 - “Jumpstart Business” and Appendix # 5 - “Jumpstart Housing” entail the more detailed application information which are required before any drawdowns could occur. Appendix # 6 – “Hsg- Checklist” is also used as part of the complete application process.

The next activity that will be funded, after the Business Assistance, and Housing Assistance, is the Infrastructure Projects – non-FEMA activity. Appendix # 7 - “Infrastructure-app” is the application that is being used for this activity. The form for rating and ranking those infrastructure projects is included as Appendix # 8 – Disaster Infrastructure Application Review Sheet.

No formal application is planned for the Hazard Mitigation Match program. That program will not be competitive in nature, but will provide match for projects that have been determined by other agencies (i.e. FEMA). The threshold determination on these projects will be whether or not the project meets a CDBG national objective.

## MONITORING

The IDED will monitor all contract expenditures for quality assurance, for compliance with federal and state regulations, and to prevent, detect, and eliminate fraud, waste and abuse. The Department is in the process of modifying current monitoring procedures to specifically address the requirements of the CDBG Disaster Recovery Program and to ensure that all contracts funded under this allocation are carried out in accordance with federal and state laws, rules, and regulations and the requirements set out in the Federal Register notice. The Department's procedures will be designed to ensure that there is no duplication of benefits that have otherwise been covered by FEMA, SBA, or private insurance, and expenditures under the program will also be monitored to ensure that such duplication of benefits did not occur. Expenditures may be disallowed if the use of funds is not an eligible CDBG activity, does not address disaster-related needs, or does not meet one of the three national CDBG objectives.

Monitoring efforts will include at least the following:

- Identifying and tracking program and project activities and ensuring that the activities relate to the eligible disaster;
- Documenting compliance with program rules and regulations;
- Confirming that no duplication of benefits occurred;
- Preventing fraud and abuse;
- Ensuring quality workmanship in CDBG-funded projects;

All grants awarded to lead counties for disaster recovery zones will be monitored at least once a year. All other grant awards will be monitored at least once during the term of the contract. The IDED will utilize a checklist or checklists similar to those used in monitoring regular CDBG program activities, for purposes of monitoring the disaster funding.

## LMI BENEFIT

Federal regulations require that at least 50% of the funding through the disaster appropriation is used for activities that principally benefit low- and moderate-income (LMI) persons. The state projects that this requirement will be met through the following activities:

Repair/rehab., Homebuyer Asst.	-	80% x \$57,518,337	=	\$46,014,670
Production and infrastructure	-	80% x 23,035,737	=	18,428,590
Buyouts - FEMA Match	-	80% x 20,000,000	=	16,000,000
Hazard Mitigation Match	-	10% x 16,000,000	=	1,600,000
Infrastructure – non-FEMA	-	10% x 15,750,000	=	<u>1,575,000</u>

TOTAL projected \$\$ to LMI Benefit \$83,618,260 = 53.37% of total Iowa allocation  
of \$156,690,815

If it appears that the targets above are not being met, the State can revise the housing eligibility criteria to be 80% LMI (rather than the current 100%), and/or bolster the LMI rating weighting for selection of the non-FEMA Infrastructure projects.

The above projections reflect the initial distribution of funds, the State has continued to monitor LMI distribution and in an effort to ensure LMI ratio, all awards made after 2014 were limited to only LMI benefit activities. See *Disaster Recovery LMI Estimates* report for current calculations.

# **STEPS THE STATE WILL TAKE TO AVOID OR MITIGATE OCCURRENCES OF FRAUD, ABUSE, AND MISMANAGEMENT**

## **1. Administration and Staffing**

The Iowa Department of Economic Development has been designated by Governor Culver as the administrator of Iowa's allocation of the Supplemental Appropriations Act, 2008. Further, the State of Iowa CDBG Program, within the Division of Community Development, will provide technical assistance to local government grant recipients and undertake administrative and monitoring activities to ensure compliance with applicable federal requirements.

As required by federal regulation, the state will contract with an independent auditor or auditors who will independently ensure that program requirements, including non-duplication of benefits, are met, and that continual quality assurance is achieved, and who will report directly to the Governor, or, at a minimum, to the Director of the IDED.

## **2. Increasing Capacity at Local Level**

The Department will be contracting with six lead Councils of Governments and five Entitlement Cities to administer the disaster funding. The Department has been working with the Iowa Councils of Governments (COGs) on CDBG administration for over 25 years and we meet regularly with the Iowa Association of Regional Councils. In addition, IDED has been working with the Entitlement City staffs since the disaster to keep them updated on events and timelines. In fact, the Entitlement Cities have participated in several of our conference calls with HUD officials regarding how to implement HUD requirements, etc.

IDED will provide on-going training to the COGs and Entitlement Cities as the need arises. The first training session will be held on September 22 and 23 to train them on grant administration requirements. As additional funding comes through HUD for Action Plan activities we will continue to meet with these COGs and Entitlement Cities in person, via telephone conference calls and over the State of Iowa's video conferencing network known as the ICN. All COGs and Entitlement Cities administering the funds will be invited to the Iowa Grant Symposium on December 16, 2008 in Ames, Iowa. This workshop is for grant management professionals involved in the financial and administrative management of federal grant awards. The U.S. Department of Labor will lead the workshop and provide training on controlling regulations, budgeting, cash management, financial reporting, cost principals, cost classification, procurement and agreements, sub-recipient monitoring, match/leveraged resources, property and grant closeout.

## **3. Prevention of Duplication of Benefits**

For Business Assistance Activities, the Department will be providing the Small Business Administration and other lending institutions information regarding the recipients of our assistance so that SBA or other lending institutions can reduce their loan to the recipient accordingly. For Housing Assistance Activities, the Department will work with FEMA and SBA to get recipient data in order to avoid duplication of benefits. In the case of the Housing Assistance Activity, the duplication of benefits check will occur at the subgrantee level and routinely monitored by the Department for compliance. If necessary, the Department of Economic Development will require each recipient to document and verify any funding that has been received through FEMA, SBA or EDA through procedures established by the Department and implemented at the subgrantee level.

## **4. National Objective**

All activities must meet one of the three national objectives set out in the Housing and Community Development Act (address slum and blight, urgent need, or primarily benefit LMI persons). At least 50% of the Supplemental Funding will be used for activities that meet the National Objective of primarily benefiting persons of low- and moderate-income.

## **5. Administrative Costs**

Subgrantees are strongly encouraged to minimize their administrative costs so that the amount available for program activities will be maximized. To promote this goal, the amount of allowable subgrantee administrative costs will be capped at a reasonable amount for each of the various activity categories (i.e. housing repair, public facilities, business assistance), but will not exceed 10% for any of the categories. In any instance where the subgrantee believes this amount is not sufficient for their activities, they may petition the IDED to allow administrative costs in an amount up to 15 percent of the grant or contract amount.

## **6. Program Changes through Contract Amendments**

All subgrantees will be encouraged to carefully plan projects that meet the stated requirements and to specify activities, associated costs, and proposed accomplishments and beneficiaries in order to reduce the need for amending contracts.

Subgrantees should contact the IDEED prior to requesting an amendment or contract modification that affects the budget, activities, beneficiaries, or time frame for accomplishing the proposed activities. Should a proposed amendment result in the need for modification of the Action Plan, the state will follow the process required by HUD for amending the Action Plan.

Substantial amendments may be cause to review the entire Application submitted to determine if the project is meeting its stated goals and its timelines.

## **7. Documentation**

The use of the disaster funding is contingent upon certain requirements, and both the state and local government will be expected to certify that these requirements will be met or carried out. The chief elected official, or designee authorized by the local governing authority of the local government applying for funds will be required to certify in writing that the grant will be carried out in accordance with applicable laws and regulations.

In addition, local governments will be required to submit or maintain documentation that fully supports the application that is submitted to the Department. Failure to document that the project is needed as a result of the disaster(s), or to mitigate the effects of future disasters, will result in an application being declared ineligible. If this discovery is made after an award has been made, the contract with the local government may be terminated and the local government may have to repay any funds received to that point.

## **8. Reporting**

Each awarded applicant must report on a form provided by the Department on the status of the activities undertaken and the funds drawn. Additional reporting requirements (i.e., annual audits, contractual obligations and minority business enterprise reports, as applicable) will be specified in the Department's contractual agreement. Some recipients may be asked to report using the online Disaster Recovery Grant Reporting system.

## **9. Citizen Complaints**

All subgrantees and recipients must establish procedures for responding to citizens' complaints regarding activities carried out utilizing these funds. Citizens should be provided with an appropriate address, phone number, and times during which they may submit such complaints. Subgrantees should provide a written response to every citizen complaint within 15 working days of the complaint the state will be the final arbitrator in these matters.

## **10. Regulatory Requirements**

Subgrantees must comply with fair housing, nondiscrimination, labor standards, and environmental requirements applicable to the CDBG Program, as follows:

(i) Fair Housing: Each Subgrantee will be required to take steps to affirmatively further fair housing; and when gathering public input, planning, and implementing housing related activities, will include participation by neighborhood organizations, community development organizations, social service organizations, community housing development organizations, and members of each distinct affected community or neighborhood which might fall into the assistance category of low and moderate income communities.

(ii) Nondiscrimination: Each Subgrantee will be required to adhere to the Departments' established policies which ensure that no person be excluded, denied benefits or subjected to discrimination on the basis race, color, national origin, religion, sex, familial status, and/ or physical and mental handicap under any program funded in whole or in part by Federal CDBG funds. Subgrantees will be required to document compliance with all nondiscrimination laws, executive orders, and regulations.

(iii) Labor Standards: Each Subgrantee will be required to oversee compliance with Davis-Bacon Labor Standards and related laws and regulations. Regulations require all laborers and mechanics employed by contractors or subcontractors on CDBG funded or CDBG assisted public works construction contracts in excess of \$2,000, or residential construction or rehabilitation projects involving eight or more units be paid wages no less than those prescribed by the Department of Labor and in accordance with Davis Bacon Related Acts.

(iv) Environmental: Specific instructions concerning environmental requirements at 24 CFR Part 58 will be made available to all Subgrantees. Some projects will be exempt from the environmental assessment process, but all Subgrantees will be required to submit a Request for Release of Funds and Certification. Funds will not be released for expenditure until the Departments are satisfied that the appropriate environmental review

has been conducted. Subgrantees will not use CDBG disaster recovery funds for any activity in an area delineated as a special flood hazard area in FEMA’s most current flood advisory maps unless it also ensures that the action is designed or modified to minimize harm to or within the floodplain in accordance with Executive Order 11988 and 24 CFR Part 55.

## **ANTI-DISPLACEMENT AND RELOCATION**

Recipients will be expected to minimize displacement of persons or entities and assist any persons or entities displaced as a result of the disasters. This is not intended to limit the ability of the recipients to conduct buyouts for destroyed and extensively damaged units or units in a flood plain.

## **ACTION PLAN AMENDMENTS**

The following events would require a substantial amendment to the Action Plan:

- Addition or deletion of any allowable activity (e.g. Housing Assistance, Business Assistance, Public Facilities/ Infrastructure) described in the Plan;
- Significant change in the planned beneficiaries;
  - A change of more than 5 percent in the original proposed funding allocation between the various activity categories of housing, economic development/ business assistance, and public facilities and services (unless sufficient applications are not received to meet the targeted percentages for each activity.)

Substantial amendments to the 2008 Rebuild Iowa Disaster Recovery Action Plan, if any, will be published on the Department’s website, emailed to affected units of general local government and will provide for a public comment period. All comments will be considered.

Localities will be allowed to amend projects through a “minor amendment” process if the proposed changes are minor and do not materially change the project (generally defined as 10% budget line-item change, or 10% change in beneficiaries. This provision should not be construed as allowing the general administrative budget to exceed the allowable limit. More substantial amendments will require a more formal amendment process, including permission and written agreement from IDED.



Appendix # 1 - 2008 DRH Cedar Rapids At Application Example.



Appendix #2 - City



Appendix # 3 -



Appendix # 4 -



Appendix #5 -



Appendix # 6 - hsg-checklist.pdf



Appendix # 7 - infrastructure-app.ppt



Appendix # 8 - Disaster Infrastructure

## **APPENDIX A. DEPARTMENT'S RESPONSE TO PUBLIC COMMENT**

The Action Plan was released for public comment on Wednesday, September 10. The public comment period for the document ran from September 10 to September 17. The Action Plan was posted on the Department of Economic Development's website on September 10 as well. The Plan was also emailed to all Iowa's Councils of Governments and all cities and counties in Iowa. An announcement of the Action Plan's availability was made in the Des Moines Register, a state-wide newspaper.

During the comment period the Department received two comments regarding the Housing Assistance component of the Action Plan. The Business Assistance component of the plan received the majority of comments from the public. A total of nine groups or individuals made comments regarding the eligibility requirements in the Business Assistance program. One comment was received regarding a community flooded in 2007 regarding how they might qualify for assistance.

The following comments were received by the Iowa Department of Economic Development concerning the Action Plan. A brief summary of each comment as well as the Department's response is included. Comments are arranged by topic and each comment is numbered. For more information on the public comments received on the Action Plan or for copies of the original comments, please contact the Iowa Department of Economic Development, the Community Development Division at 515-242-4711.

### **Comment # 1: Housing Activities – Housing Repair/ Rehabilitation**

There is a statement in the action plan that indicates that rehab funds can not be used if the property is part of the buyout application. Does this mean part of the NOI or part of the actual HMGP application?

*Staff Response:* At least in this first round of supplement federal funding IDED does not want to rehabilitate homes that may be slated to be torn down in the next 18 to 24 months. Therefore, IDED is limiting this first round of CDBG to units that are not in the 100 year flood plain and are clearly out of the range of a buyout situation. As additional funds become available and communities more fully develop their Hazard Mitigation plans it will become clearer which homes will be bought out and which will be good candidates for rehabilitation.

### **Comment # 2: Economic Development – Small Business Stimulus**

Who is going to follow up on businesses that receive the funding?

*Staff Response:* Businesses will be monitored by the subgrantee to ensure compliance with the program requirements and the subgrantees will be monitored for compliance by the Iowa Department of Economic Development to ensure compliance.

### **Comment # 3: Economic Development – Small Business Stimulus**

Four comments were received that virtually mirrored one another. The concern expressed by the four respondents pertained to the amount of CDBG funding being allocated to the Business Assistance component of the Action Plan. They felt that \$10M was not sufficient to deal with the needs to businesses affected by disasters across Iowa during the summer of 2008.

*Staff Response:* The State of Iowa is in the process of directing \$20M of state funds to businesses across Iowa with virtually the same eligibility requirements as those outlined in this Action Plan. As additional federal resources come into the state we anticipate that more funding will become available to disaster impacted businesses throughout Iowa.

### **Comment # 4: Economic Development – Small Business Stimulus**

Five comments were received regarding the Threshold Criteria and eligibility for the Small Business Stimulus funding. All five commenters felt that limiting the eligibility to those businesses who had received an SBA loan offer was too restrictive as many businesses may not have qualified for such a loan or would not accept such a loan as they did not want to assume more debt.

*Staff Response:* As a result of comments such as these IDED has widened the threshold criteria outlined in the plan from receipt of a disaster loan offer from the U.S. Small Business Administration (SBA) to the following: *the business has received a disaster loan from the SBA, a financial institution, or an economic development corporation.* IDED chose not to widen the eligibility further for the first round of federal funds because it wants to expedite the funding to businesses and still accomplish this in a

responsible manner. We feel that by using the due diligence process already in place through other funders we could more quickly get the money flowing to impacted businesses. As more federal funds flow into the state the department may well expand the eligibility criteria of the businesses that are eligible to receive small business stimulus funding.

**Comment # 5: Economic Development – Small Business Stimulus**

Are home-based businesses eligible for the program?

*Staff Response:* If the business meets all of the threshold criteria it will be eligible.

**Comment # 6: Economic Development – Small Business Stimulus**

Can the State develop a program for larger businesses in an area to assist smaller businesses thereby allowing those larger businesses to claim future state tax credits?

*Staff Response:* The Iowa Legislature may well take up some type of bill next session that could provide state tax credits for businesses impacted by disasters in 2008.

**Comment # 7: Economic Development – Small Business Stimulus**

Thousands of small businesses have been directly impacted and so have their customers. Adjusting to the changing customer base and entering the long-term recovery state can be accelerated with effective and wide-spread technical assistance (communities need similar guidance).

*Staff Response:* The State of Iowa's nationally recognized Main Street Program will be providing such assistance across the state in the coming months to small businesses affected by the disasters. Iowa's Councils of Governments are working with communities to provide technical assistance to them with the help of IDEED, particularly in the area of green/sustainable redevelopment.

**Comment # 8: Economic Development – Small Business Stimulus**

SBA has been unwilling to share information about loan applicants – so it is impossible to obtain information about individual loan recipients on which to base a forgivable loan.

*Staff Response:* Each applicant for a loan will be responsible for providing evidence of the loan to the subgrantee. IDEED's HMIS provider is also working with the HUD SNAPS Office to develop a database through which FEMA can provide information to IDEED regarding businesses receiving assistance through SBA.

**Comment # 9: Economic Development – Small Business Stimulus**

Cedar Rapids has an existing program with requisite due diligence to immediately deliver this assistance to those who need it most. Why invent something new which will further delay assistance to businesses?

*Staff Response:* The City of Cedar Rapids will be a subgrantee of IDEED as it is an entitlement city. They are able subcontract with the Cedar Rapids Chamber, if they so desire, so that the Chamber can deliver CDBG small business stimulus assistance to qualified businesses.

**Comment # 10: Economic Development – Small Business Stimulus**

Stop putting so many restrictions on access to the money – looks like this money will have strings attached so it isn't going to help many people either.

*Staff Response:* IDEED is trying to minimize the "strings" so that money can be made available as quickly as possible. That is one reason why we are requiring that businesses already have received some type of loan. We don't want to have to go through another due diligence process before providing the funds to businesses.

**Comment # 11: General comments about program eligibility**

Several comments were received regarding the City of Mystic and its situation as a result of a flood in 2007.

*Staff Response:* The City of Mystic can not be assisted with the funds provided through this Action Plan as they were not impacted by the disasters in 2008. However, IDEED has communicated with them and assured them that we will assist them with their local match for the Hazard Mitigation Program through our CDBG Imminent Threat program.

**Comment # 12: General Comment on Program Administration**

There is a waiver (Appendix E) that waives the administration cap to allow up to 5% which contradicts an earlier area that allows 10% with a chance to go up to 15% if the need is substantiated. Which limit can we expect to have to follow?

*Staff Response:* The five percent applies to the cap on administrative funds that the State of Iowa can use for program administration at the state level. The ten percent cap pertains to what each subgrantee can use to operate the program at their level. If a subgrantee feels that the ten percent administrative cap is too limiting they can appeal this to IDEED which may allow up to fifteen percent if the subgrantee's case is effectively made.

**Comment # 13: General Comment on Program Administration**

Under waivers granted (Appendix E) there is a statement about reimbursement for pre-agreement costs being allowed. Does this mean any costs (construction, mortgage, inspection, etc.) or just soft costs?

*Staff Response:* Pre-agreement costs would be any allowable/eligible costs that the subgrantee has incurred pertaining to the 2008 disaster(s) that would normally be eligible costs under this program as outlined by the Action Plan.



# APPENDIX B: TIMELINE OF REBUILD IOWA EVENTS AND ACTIVITIES

## INITIAL 45 DAYS

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Timeline of Rebuild Iowa Events and Activities – Initial 45 Days	
July 17, 2008	Initial RIAC Meeting (Des Moines)
July 28, 2008	Housing Task Force Meeting (Des Moines) Economic and Workforce Development Task Force Meeting (West Des Moines)
July 29, 2008	Infrastructure and Transportation Task Force Meeting (West Des Moines) Education Task Force Meeting (Ankeny)
July 30, 2008	Agriculture and Environment Task Force Meeting (West Des Moines) Cultural Heritage Task Force Meeting (West Des Moines) Records Retention Task Force Meeting (West Des Moines)
July 31, 2008	RIAC Meeting (Cedar Rapids) Speak Up Iowa! Listening Session (Cedar Rapids)
August 5, 2008	RIAC Meeting (Wapello) Speak Up Iowa! Listening Session (Wapello)
August 6, 2008	Public Health and Health Care Task Force Meeting (Urbandale) Floodplain Management Task Force Meeting (West Des Moines)
August 7, 2008	Long-Term Recovery Planning Task Force Meeting (Urbandale)
August 11, 2008	Speak Up Iowa! Listening Session (Red Oak)
August 12, 2008	Speak Up Iowa! Listening Session (Fort Dodge)
August 13, 2008	Agriculture and Environment Task Force Meeting (Johnston)
August 19, 2008	RIAC Meeting (Cedar Falls) Speak Up Iowa! Listening Session (Cedar Falls)
August 25-26, 2008	RIAC Meeting (Urbandale)
August 29, 2008	RIAC Meeting (Telephonic)
September 2, 2008	45 - Day Report to The Governor and Lt. Governor

45 - Day Report to the Governor

## **APPENDIX C: LIST OF COMMUNITY DEVELOPMENT/HOUSING CONTACTS FOR ENTITLEMENT COMMUNITIES**

Vanessa Baker-Latimer  
Housing Coordinator  
**City of Ames**  
PO Box 811  
Ames, IA 50010  
Phone: 515-239-5400  
FAX: 515-239-5404  
Email: [vbakerlatimer@city.ames.ia.us](mailto:vbakerlatimer@city.ames.ia.us)

Michelle Langenwalter  
Housing & Community Development Specialist  
**City of Cedar Falls**  
220 Clay Street  
Cedar Falls, IA 50613  
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## APPENDIX D: CONTACT LIST FOR COUNCILS OF GOVERNMENT

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(Allamakee, Clayton, Fayette, Howard, Winneshiek Counties)

Joe Myhre, Director

**North Iowa Area Council of Governments (NIACOG)**

525 Sixth Street SW

Mason City, IA 50401

641/423-0491 (FAX 641/423-1637)

E-Mail: [niacog@niacog.org](mailto:niacog@niacog.org)

(Cerro Gordo, Floyd, Franklin, Hancock, Kossuth, Mitchell, Winnebago, Worth Counties)

Ted Kourousis, Interim Director

**Northwest Iowa Planning and Development Commission (NWIP&DC)**

217 West 5<sup>th</sup> Street, P.O. Box 1493

Spencer, IA 51301

712/262-7225 (FAX 712/262-7665)

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(Buena Vista, Clay, Dickinson, Emmet, Lyon, O'Brien, Osceola, Palo Alto, Sioux Counties)

Jane Gilbert & Dwight Lang, Co-Directors

**Siouxland Interstate Metropolitan Planning Council (SIMPSCO)**

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Sioux City, IA 51102

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(Cherokee, Dakota, Dixon, Ida, Monona, Plymouth, Woodbury Counties)

Cliff Weldon, Director

**Midas Council of Governments (MIDAS)**

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Fort Dodge, IA 50501

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(Calhoun, Hamilton, Humboldt, Pocahontas, Webster, Wright Counties)

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Sharon Juon, Director

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(Black Hawk, Bremer, Buchanan, Butler, Chickasaw, Grundy Counties)

Kelley Deutmeyer, Director

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Denise Bulat, Director

**Bi-State Regional Commission**

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(Davis, Jefferson, Keokuk, Mahaska, Van Buren and Wapello Counties)

Brian Tapp, Director  
**(SEIRPC) Southeast Iowa Regional Planning Commission**  
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(Des Moines, Henry, Lee, Louisa Counties)

Paul F. Mullen, Director  
**(MAPA) Metropolitan Area Planning Agency**  
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(Mills and Pottawattamie Counties)

Tracy Daughterty-Miller, Director  
**Chariton Valley Planning & Development**  
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641/437-4359 (FAX 641/437-1161)  
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(Appanoose, Lucas, Monroe and Wayne Counties)

Tom Kane, Director  
**Central Iowa Regional Transportation Planning Alliance**  
6200 Aurora Ave., Ste. 300W, Merle Hay Centre  
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(Boone, Dallas, Jasper, Madison, Marion, Story, Polk and Warren Counties) \*Not a COG, but represent the counties in Central Iowa

## **APPENDIX E: WAIVERS APPROVED TO DATE**

A complete list of the waivers approved to date can be found in the September 11, 2008 Federal Register, page 52870.

Following is a summary of the approved waivers. Refer to the Federal Register for the complete language on the approved waivers.

- Waiving 70% required overall benefit to LMI – adjusted to 50%
- Waiving requirement to distribute to units of local government only
- Waiving required consistency with consolidated plan
- Waiving Action Plan requirements; substituting an Action Plan for Disaster Recovery
- Waiving certain citizen participation requirements to streamline the process
- Waiving administration cap to allow up to 5%
- Waiving annual reporting requirements; substituting quarterly reporting
- Waiver to allow new housing construction
- Waiver allowing homeownership assistance to persons up to 120% of median income
- Limited waiver of anti-pirating provisions for business assistance
- Waiver of certain URA and relocation requirements
- Waiver to allow state flexibility on requirements re: program income
- Waiver of standard certifications; substituting alternative certifications
- Waiver allowing reimbursement for pre-agreement costs

## **APPENDIX F: CERTIFICATIONS FOR STATE GOVERNMENTS, WAIVER AND ALTERNATIVE REQUIREMENT**

**In accordance with the applicable statutes and the regulations governing the consolidated plan and the Supplemental Appropriations Act, 2008, the State certifies that:**

- a) The state certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the state, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard. (See 24 CFR 570.487(b)(2).)
- b) The state certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan in connection with any activity assisted with funding under the CDBG program.
- c) The state certifies its compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms, if required by that Part.
- d) The state certifies that the Action Plan for Disaster Recovery is authorized under state law and that the state, and any entity or entities designated by the state, possesses the legal authority to carry out the program for which it is seeking funding, in accordance with applicable HUD regulations and this Notice.
- e) The state certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR Part 24, except where waivers or alternative requirements are provided for this grant.
- f) The state certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR Part 135.
- g) The state certifies that it is following a detailed citizen participation plan that satisfies the requirements of 24 CFR 91.115 (except as provided for in notices providing waivers and alternative requirements for this grant), and that each unit of general local government that is receiving assistance from the state is following a detailed citizen participation plan that satisfies the requirements of 24 CFR 570.486 (except as provided for in notices providing waivers and alternative requirements for this grant).
- h) The state certifies that it has consulted with affected units of local government in counties designated in covered major disaster declarations in the nonentitlement, entitlement and tribal areas of the state in determining the method of distribution of funding;
- i) The state certifies that it is complying with each of the following criteria:
  - 1) Funds will be used solely for necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure in areas covered by a declaration of major disaster under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) as a result of recent natural disasters.
  - 2) With respect to activities expected to be assisted with CDBG disaster recovery funds, the action plan has been developed so as to give the maximum feasible priority to activities that will benefit low- and moderate-income families.
  - 3) The aggregate use of CDBG disaster recovery funds shall principally benefit low- and moderate-income families in a manner that ensures that at least 50 percent of the amount is expended for activities that benefit such persons during the designated period.
  - 4) The state will not attempt to recover any capital costs of public improvements assisted with CDBG disaster recovery grant funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless (A) disaster recovery grant funds are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than under this title; or (B) for purposes of assessing any amount against properties owned and occupied by persons of moderate income, the grantee certifies to the Secretary that it lacks sufficient CDBG funds (in any form) to comply with the requirements of clause (A).
- j) The state certifies that the grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and the Fair Housing Act (42 U.S.C. 3601-3619) and implementing regulations.
- k) The state certifies that it has and that it will require units of general local government that receive grant funds to certify that they have adopted and are enforcing:
  - 1) A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and

- 2) A policy of enforcing applicable state and local laws against physically barring entrance to or exit from a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.
- l) The state certifies that each state grant recipient or administering entity has the capacity to carry out disaster recovery activities in a timely manner, or the state has a plan to increase the capacity of any state grant recipient or administering entity that lacks such capacity.
- m) The state certifies that it will not use CDBG disaster recovery funds for any activity in an area delineated as a special flood hazard area in FEMA's most current flood advisory maps unless it also ensures that the action is designed or modified to minimize harm to or within the floodplain in accordance with Executive Order 11988 and 24 CFR Part 55.
- n) The state certifies that it will comply with applicable laws.

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Signature/ Authorized Official

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Date

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Title