



Community and Economic Development in North Carolina and Beyond Blog: Community Development Block Grants – Disaster Recovery Funds (Part 1)

By CED Program Interns & Students

Article: <https://ced.sog.unc.edu/community-development-block-grants-disaster-recover-funds-part-1/>

This entry was posted on March 17, 2020 and is filed under Community Development



Along the eastern seaboard, the intensity and frequency of

severe weather caused by tropical storm systems and hurricanes is expected to increase. Most recently in North Carolina, Hurricanes Matthew and Florence caused severe damage to private property and public infrastructure. As similar storms are expected to occur more often, local governments will need to be well-versed in the funding opportunities available from state and federal programs. Many of these funds are available to private home and business owners, and local governments can play critical intermediary roles, aligning available resources with citizen needs. At the same time, a portion of these programs are available to local governments directly, funding infrastructure repair and capital projects.

One of the largest and most widely available recovery programs is the Community Development Block Grant – Disaster Recovery (CDBG-DR). Appropriated by Congress and administered by the US Department of Housing and Urban Development (HUD) as well as state partner agencies, the program is specifically designed for use in low to moderate income (LMI) areas. This post will review the CDBG-DR appropriation and allocation process as well as discuss what funds are available to local governments.

CDBG-DR Appropriation and Allocation Process

Following a major disaster, Congress has the right to appropriate funds to HUD for long-term recovery. HUD allocates these funds to affected states, and a single agency in each state is typically responsible for administering program funding. In North Carolina, this agency is the Office of Recovery and Resiliency (NCORR), within the Department of Public Safety.

Before funds are released from HUD, NCORR must develop and submit a detailed action plan, outlining how funds will be distributed and how they will specifically target LMI households. As of March 2020, a draft of the action plan for Hurricane Florence funds has been released for public comment before HUD's final approval.

Florence Action Plan

According to the NC Office of State Budget and Management (OSMB), Hurricane Florence caused more than \$17 billion in property damage and economic losses. It is estimated that more than 11,000 homes were flooded with at least four feet of water, and that more than 4,000 of these were completely destroyed. OSBM further estimates that Florence damaged more than \$1.1 billion in public infrastructure and more than \$2.3 in agricultural resources.

HUD has allocated \$543 million to North Carolina's Florence recovery efforts, and NCORR has developed a series of activity buckets through which it expects to utilize these funds. Detailed below, the vast majority of these funds (\$467



million) will be used for residential repair and construction, while roughly 60% of the total is reserved exclusively for private homeowners.

Florence CDBG-DR Funding Programs

Program	Funding	Share of Total
Homeowner Recovery Program	\$325.6 million	60%
Affordable Housing Development Fund	\$59.7 million	11%
Buyout Program	\$32.6 million	6%
Small Rental Repair Program	\$32.6 million	6%
Administrative Costs	\$27.1 million	5%
Infrastructure Recovery Program	\$21.7 million	4%
Planning Costs	\$16.3 million	3%
Public Housing Restoration Fund	\$16.3 million	3%
Code Enforcement Support Program	\$5.4 million	1%
Construction Trades Training Program	\$5.4 million	1%
Total	\$542.5 million*	100%

* Individual programs may not add to total due to rounding.

While the effects of Hurricane Florence were felt throughout much of Central and Eastern North Carolina, the draft Action Plan pays special attention to the hardest hit areas along the state’s Southeastern coast. Eighty percent of allocated funds must be spent in these Most Impacted and Distressed (MID) areas.

Most Impacted and Distressed Areas

Once HUD approves the final draft of the Florence Action Plan, NCORR will coordinate with local governments to allocate funding. In the meantime, NCORR is providing emergency assistance as well as revolving loan funds to local governments in North Carolina. While grant funding is available, governments are also able to leverage zero interest financing to begin reconstruction efforts. This financing would be repaid once Florence funds are distributed.

Part 2 of this series will detail how similar funds were used for Hurricane Matthew recovery efforts, highlighting how funds allocated for affordable housing can be paired with Low-Income Housing Tax Credits (LIHTC).

Matthew Hutton is a dual Master’s degree candidate in the Master of Public Administration and the Master of City & Regional Planning programs at UNC-Chapel Hill. He is also a Community Revitalization Fellow with the Development Finance Initiative.