



## **SUBSTANTIAL AMENDMENT 1**

### **Community Development Block Grant Disaster Recovery Program (CDBG-DR) Action Plan DR-4441 of 2019**

**DRAFT**

The Arkansas Development Finance Authority (ADFA)  
Substantial Amendment 1 to the January 27, 2020,  
CDBG-DR Action Plan, ("the PLAN")

The following is a summary of language that amends the  
CDBG-DR Action Plan addressing the 2019 Disaster DR-4441  
originally submitted by the Arkansas Economic Development Commission  
(AEDC)

APRIL 2025

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## **1. BACKGROUND**

During the week of May 21, 2019, a ridge of high pressure built over the southeastern United States. In that week, six to 12 inches of rain fell in parts of the Plains and Midwest, impacting northeast Oklahoma requiring releases from already high lakes. This resulted in widespread flooding and produced record-breaking crests downstream along the Arkansas River. A river flood of this magnitude has never happened before and had significant and widespread impacts along the Arkansas River according to inundation models released by the Army Corps of Engineers. Additional rainfall over Northwest Arkansas prolonged major flooding by several days, putting prolonged pressure on river levees.

It is estimated that flooding in the Arkansas River basin caused \$3 billion in damage. Five deaths were reported in Arkansas. After the storming and flooding ended, 17 of Arkansas's 75 counties were declared Federal disaster areas. More than 1,147 residences homes were initially assessed as damage, destroyed, or affected. In addition, there were initial estimated damages of \$8,582,911 million to roads, bridges, and other public infrastructure. This assessment would increase in size to just under \$50 million when final FEMA Project Worksheets were tallied. FEMA deployed its host of tools in the Individual Assistance and Public Assistance Programs.

As a result of the DR-4441 Disaster, the State of Arkansas received a total of 1,858 applications for FEMA Individual Assistance who specifically registered as an owner or renter (does not include nonresponses). Of the total applicants 23% were renter-occupied households, and 77% were owner-occupied households. In addition to the large number of applicants in the HUD Most Impacted and Distressed Areas, Jefferson and Perry Counties, Pulaski, Sebastian, and Faulkner also had significant FEMA IA registrations. Using HUD's methodology for unmet recovery needs, the state identified a total of over \$51 million in damage to renter and owner households. For households that meet the HUD/FEMA definition of Major/Severe Damage, the state has identified an unmet housing need of nearly \$8 million.

FEMA home repair assistance only covered costs to return an eligible applicant's home to a safe, sanitary, and secure condition, not a full recovery. Homeowners in Jefferson, Pulaski, Sebastian, and Faulkner Counties had the highest number of FEMA Verified Losses. Renters in

Pulaski, Sebastian, and Jefferson Counties had the highest number of FEMA Verified Losses.

Additionally, the Arkansas Development Finance Authority will now be administering this Grant and will meet the National Objectives accomplishing the targeted 70% LMI.

## **2. ORIGINAL RECOVERY NEEDS**

Unmet needs, as defined by HUD, are needs that are not covered by other funding sources and can be covered by CDBG-DR funds. The 2019 Action Plan contained an Unmet Needs Assessment (UNA) that analyzed the impact of DR-4441, and unmet recovery needs related to housing, infrastructure, and the economy. The State estimated a total of \$19,912,799 in unmet needs, including \$8,189,313 for housing, \$7,466,792 for infrastructure, and \$4,256,694 in economic recovery needs.

The UNA shaped the development and prioritization of recovery activities as outlined in the original Action Plan, and programs and allocations were developed to address the most severe unmet needs at that time, in full compliance with the Federal Register Notices. With limited funding available, and the requirement to address unmet housing needs before addressing other unmet recovery needs, Arkansas prioritized housing unmet recovery needs first to utilize 100% of the funding and implemented two Housing Assistance Programs:

- 1) The Voluntary Local Residential Buyout Program designed to assist local governments with meeting the local match for voluntary buyout projects, or to assist with buyouts that do not include matching federal funds, and to help support low- and moderate- income households.
  
- 2) The Multi-family Rental Recovery Program designed to address the needs of impacted low- and moderate- income renter households and address the cost burden faced by renters in DR-4441 impacted Counties.

### **3. ORIGINAL RECOVERY NEEDS ADDRESSED WITH OTHER FUNDING SOURCES**

It was supposed as documented in the original Action Plan, that these two housing programs would address the need for affordable rental housing serving LMI populations and assist owner-occupied households impacted by flooding to prevent future repetitive losses.

However, other funding sources have met those immediate needs of victims affected by the 2019 flooding disaster.

#### **Federal Emergency Management Agency (FEMA)/ Arkansas Department of Emergency Management (ADEM)**

Per the Federal Emergency Management Assistance Program (FEMA), other funding of approximately \$9 million in Individual Assistance was granted to 925 households and \$44.4 million was obligated in public assistance grants, toward this disaster. ([4441 | FEMA.gov](https://www.fema.gov))

<b>Individual Assistance</b>	<b>Amount</b>
Total Housing Assistance (HA) - Dollars Approved	\$8,496,507.52
Total Other Needs Assistance (ONA) - Dollars Approved	\$557,157.84
<b>Total Individual &amp; Households Program Dollars Approved</b>	<b>\$9,053,665.36</b>
Individual Assistance Applications Approved	925

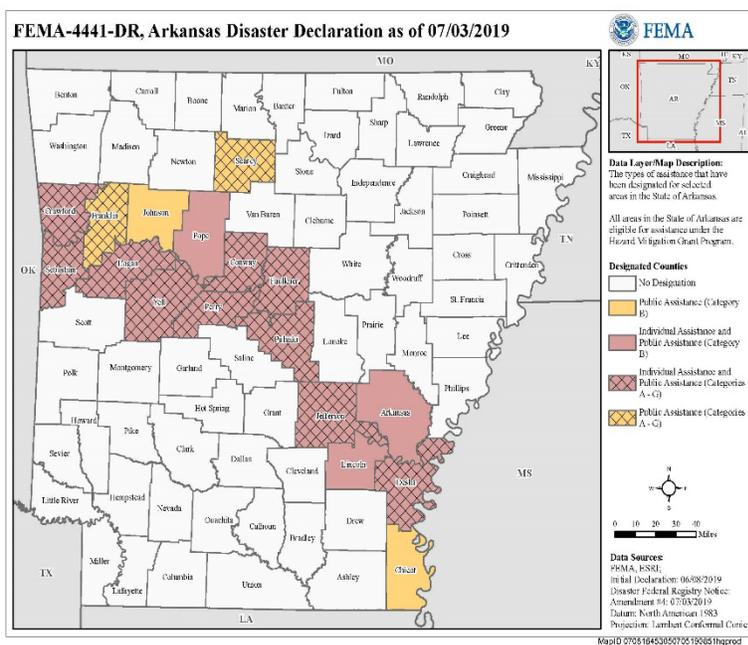
<b>Public Assistance</b>	<b>Amount</b>
Emergency Work (Categories A-B) - Dollars Obligated	\$10,093,425.03

<b>Public Assistance</b>	<b>Amount</b>
Permanent Work (Categories C-G) - Dollars Obligated	\$28,984,341.93
<b>Total Public Assistance Grants Dollars Obligated</b>	<b>\$44,453,530.08</b>

<b>Hazard Mitigation Assistance</b>	<b>Amount</b>
Hazard Mitigation Grant Program (HMGP) - Dollars Obligated	\$7,300,936.90*

Last updated March 20, 2024

*\*Includes an Additional Funding of \$526,950.10, awarded by FEMA on January 27, 2025, to Arkansas Department of Emergency Management (ADEM), for the Hazard Mitigation Grant Program, specifically to acquire and demolish 15 properties impacted by historical flooding and their risk to flooding from future events. These properties were flooded in 2019, causing substantial damage to all the homes. Once the homes have been acquired, they will be demolished and left as green space.*



#### 4. CURRENT UNMET RECOVERY NEEDS

As in many states across the US, Arkansas also faces a housing crisis. The financial burdens created by disasters such as the flooding of 2018 and 2019, have left many Arkansas residents without the financial means to afford homeownership, creating additional need for rental housing. In addition, an acute housing shortage exists in this disaster affected areas, despite the initial emergency funding from other sources such as FEMA and private insurance. To address this housing crisis, and provide the most impact per dollar, Arkansas proposes to meet these housing needs with Multi-Family New Construction. Per the Federal Register / Vol. 85, No 17/ Monday, January 27, 2020, Notice, (excerpt below) Arkansas must expend appropriated grant funds in the HUD-identified most impacted and distressed areas. As evidenced below, two Arkansas counties still have unmet housing needs. Those counties are Jefferson (zip code 71602), and Perry (zip code 72016).

Federal Register / Vol. 85, No. 17 / Monday, January 27, 2020 / Notices

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TABLE 1—ALLOCATIONS UNDER PUBLIC LAWS 115–254 AND 116–20—Continued

Disaster year	Disaster No.	Grantee	Unmet needs allocation under Public Law 115–254	Unmet needs allocation under Public Law 116–20	Total allocation for unmet needs (Pub. L. 115–254 and Pub. L. 116–20)	Minimum amount that must be expended for recovery in the HUD-identified "most impacted and distressed" areas
2019 Disasters .....	4441	State of Arkansas .....	0	8,940,000	8,940,000	(No less than \$7152,000) 71602 (Jefferson) and 72016 (Perry) Zip Codes.

#### HUD CPD MAP DATA

Evidenced in the following images, the affected zip-code:

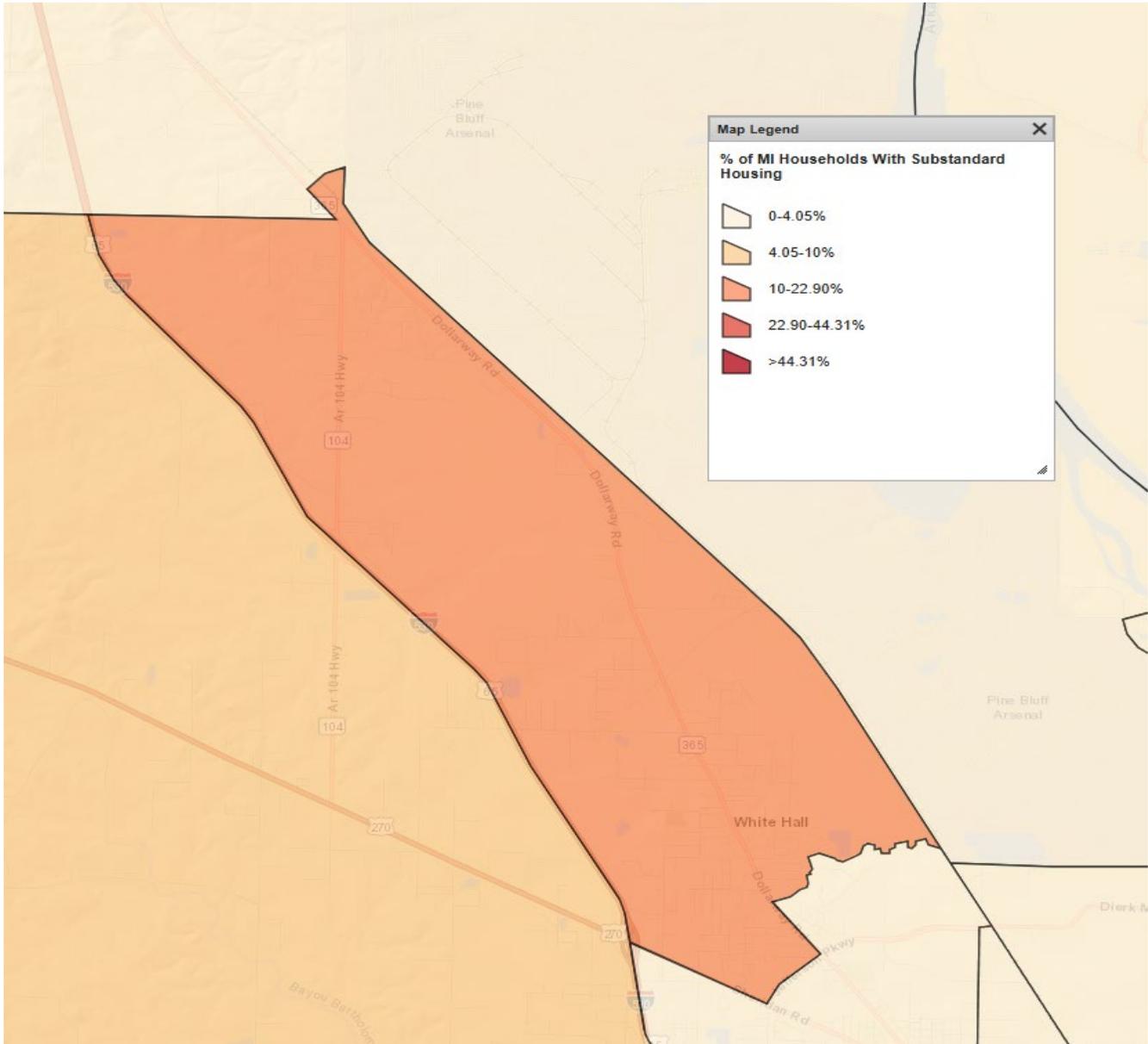
71602, White Hall, Jefferson County, Arkansas:

- Moderate Income Households has substandard housing of over 23%
- Renter Occupied Housing at over 55%
- Renter Units Affordable to 50% HAMFI at less than 9%

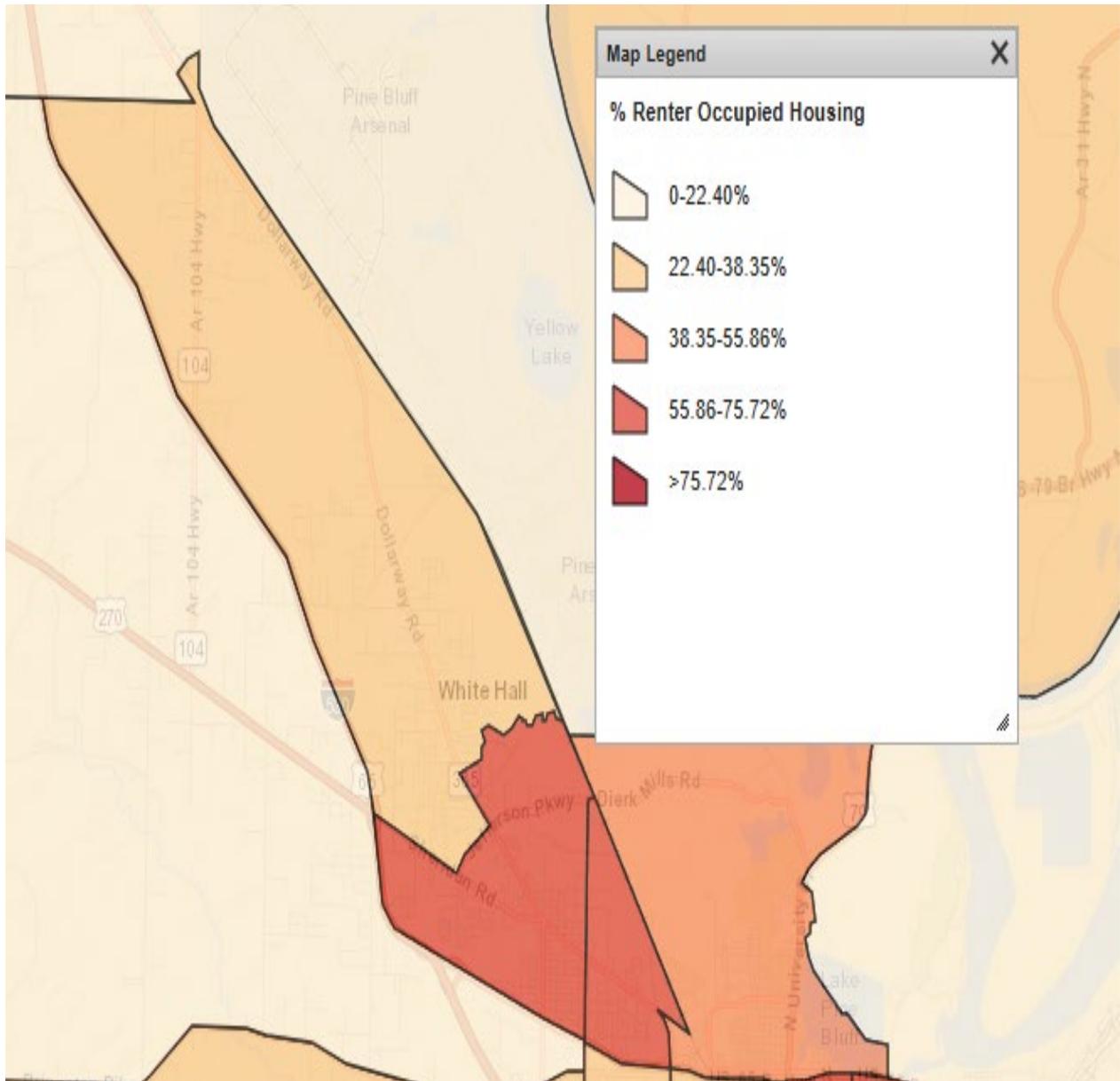
72016, Bigelow, Perry County, Arkansas:

- Low Income Households over 39%
- Extremely Low Income Households 8% - 15%

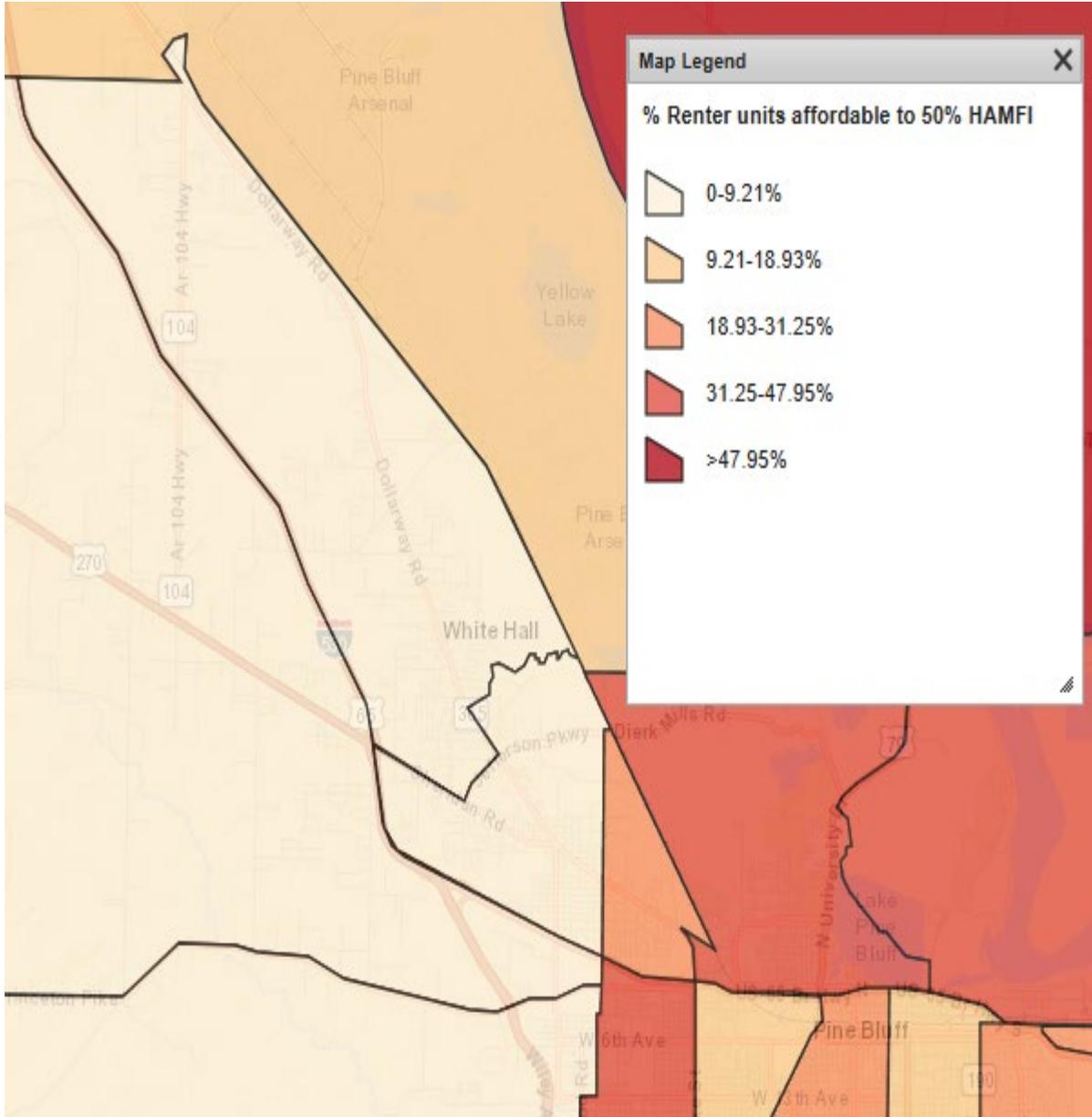
**% of MI Households with Substandard Housing**  
**Zip code 71602 (White Hall of Jefferson County)**



**% Renter Occupied Housing**  
**Zip code 71602 (White Hall of Jefferson County)**

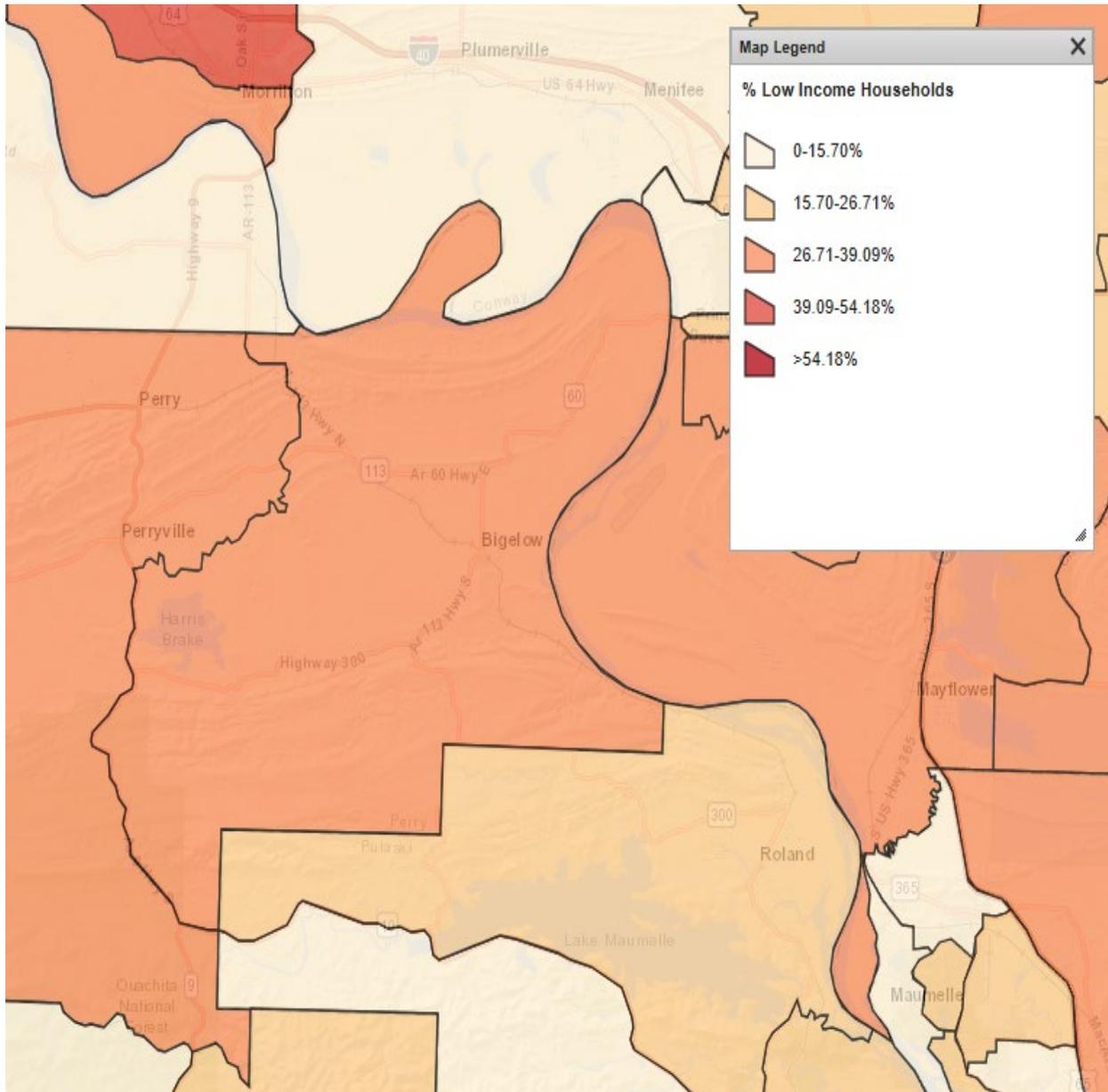


**% Renter Units Affordable to 50% HAMFI**  
**Zip code 71602 (White Hall of Jefferson County)**



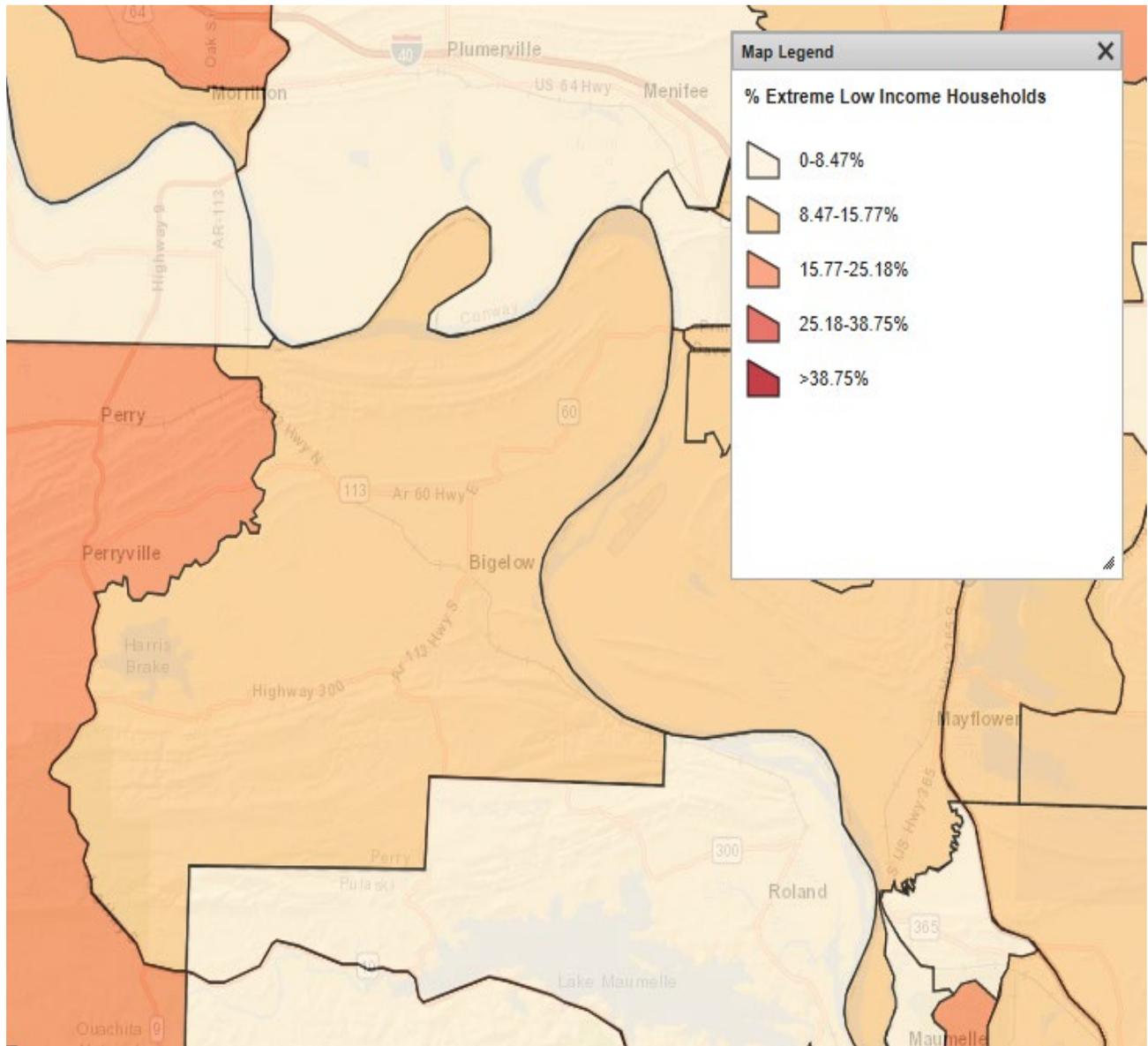
# % Low Income Households

## Zip code 72016 (Bigelow of Perry County)



# **% Extremely Low Income Households**

## **Zip code 72016 (Bigelow of Perry County)**



## 5. PROPOSED SUBSTANTIAL AMENDMENT

Arkansas proposes in this Substantial Amendment, to change the previously approved Projects and Activities:

Project #	Project Title	Grantee Activity #	Activity Title
<a href="#">2019 Admin</a>	<a href="#">Administration</a>	<a href="#">Administration</a>	<a href="#">State Administration</a>
		<a href="#">Internal Audit</a>	<a href="#">Internal Audit</a>
<a href="#">2019 Buyouts</a>	<a href="#">Housing - Voluntary Local Residential Buyout</a>	<i>No activities in this project</i>	
<a href="#">2019 Multi-Family</a>	<a href="#">Housing - Multi-Family Rental Recovery Program</a>	<i>No activities in this project</i>	
<a href="#">9999</a>	<a href="#">Restricted Balance</a>		

To the Following:

Project #	Project Title	Grantee Activity #	Activity Title
<a href="#">2019 Admin</a>	<a href="#">Administration</a>	<a href="#">Administration</a>	<a href="#">State Administration</a>
<a href="#">2019 Multi-Family</a>	<a href="#">Housing - Multi-Family New Construction</a>	<i>No activities in this project</i>	
<a href="#">9999</a>	<a href="#">Restricted Balance</a>	<i>No activities in this project</i>	

Arkansas can address the most critical needs and reach the largest effected population with a new Activity:

- Multi-Family New Construction

The proposed new Activity for Multi-Family New Construction will meet the 70% Low and Moderate-Income (LMI) Requirement. Additionally, all resources will be targeted directly to the two Arkansas areas with unmet disaster needs, Jefferson County (zip code 71602), and Perry County (zip code 72016), as stipulated in the [Federal Register / Vol. 85, No 17/ Monday, January 27, 2020, Notice](#),

Furthermore, ADFA has its own Internal Auditor, therefore a separate Activity for Internal Audit administrative expenses is not required.

## **6. PUBLIC PARTICIPATION**

Per Section I.C.2. *Citizen Participation Requirements*, of the Universal Notice published by HUD's Office of Disaster Recovery, pertaining to the CDBG-DR Program, Arkansas will publish this Substantial Amendment to ADFA's disaster dedicated webpage at:

ADFA: <https://adfa.arkansas.gov/programs/community-development-block-grant-disaster-recovery-cdbg-dr/>

Additionally, a period of 30 days will be allowed for public comment, before final submission to HUD. Please submit all comments in writing to:

**Lori Brockway**

**Federal Housing Programs Manager**

[Lori.Brockway@Arkansas.gov](mailto:Lori.Brockway@Arkansas.gov)

## **7. FINAL ACTION ON THE SUBSTANTIAL AMENDMENT**

All written comments provided during the Substantial Amendment process will be considered in preparing the final Substantial Amendment 1. A summary of the comments received during the comment period and a response to those comments, will be included in the final Substantial Amendment 1. After the State considers any comments and prepares the final Substantial Amendment 1, the Substantial Amendment will be submitted to HUD for review and approval.

[ATTACHMENTS - Public Participation Comments and Responses.](#)