



## Community Development Block Grant Disaster Recovery Funding





# Disaster Overview

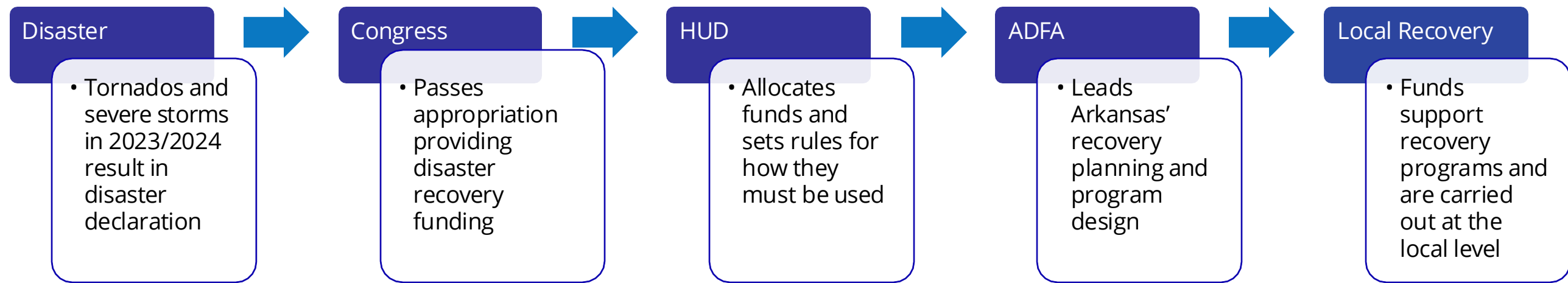
- In 2023 & 2024, tornados and severe storms resulted in a major disaster declarations, which qualified the state of Arkansas to receive long-term disaster recovery funding
- In December 2024, Congress appropriated \$12 billion in Community Development Block Grant Disaster Recovery (CDBG-DR) for the disasters
- In January 2025, the U.S. Department of Housing and Urban Development (HUD) allocated funds for states and communities that experienced disasters in 2023 and 2024. Arkansas received \$59,048,000.
- CDBG-DR funds will aid Arkansas in recovery from the devastating tornados and severe storms of 2023 ([DR 4698](#)) and 2024 ([DR 4788](#)) and strengthen impacted communities to help mitigate impacts in future disasters.



**\$59,048,000** CDBG-DR Funds  
Allocated to Arkansas

# What is the Community Development Block Grant – Disaster Recovery?

- CDBG-DR funds are used to help the most impacted and distressed areas recover
- Funds are used to support long-term recovery needs that aren't fully covered by insurance, other federal programs (like FEMA), or private/non-profit assistance.
- CDBG-DR is a flexible source of recovery funding that can be used for infrastructure, housing, economic revitalization, and other areas where there is still an unmet recovery need.
- The Arkansas Development Finance Authority (ADFA) is the lead agency (grantee) responsible for managing these funds.
- Grantees have 6 years to expend all CDBG-DR funds.



# CDBG-DR Initial Timeline



*\*Anticipated Date Ranges*

# Action Plan Process

To receive CDBG-DR funds, the state must complete several tasks prior to executing a grant agreement with HUD. This includes conducting an Unmet and Mitigation Needs Assessment, developing an Action Plan that identifies how the state will utilize CDBG-DR funds to address unmet disaster recovery and mitigation needs.

## Unmet Needs Analysis



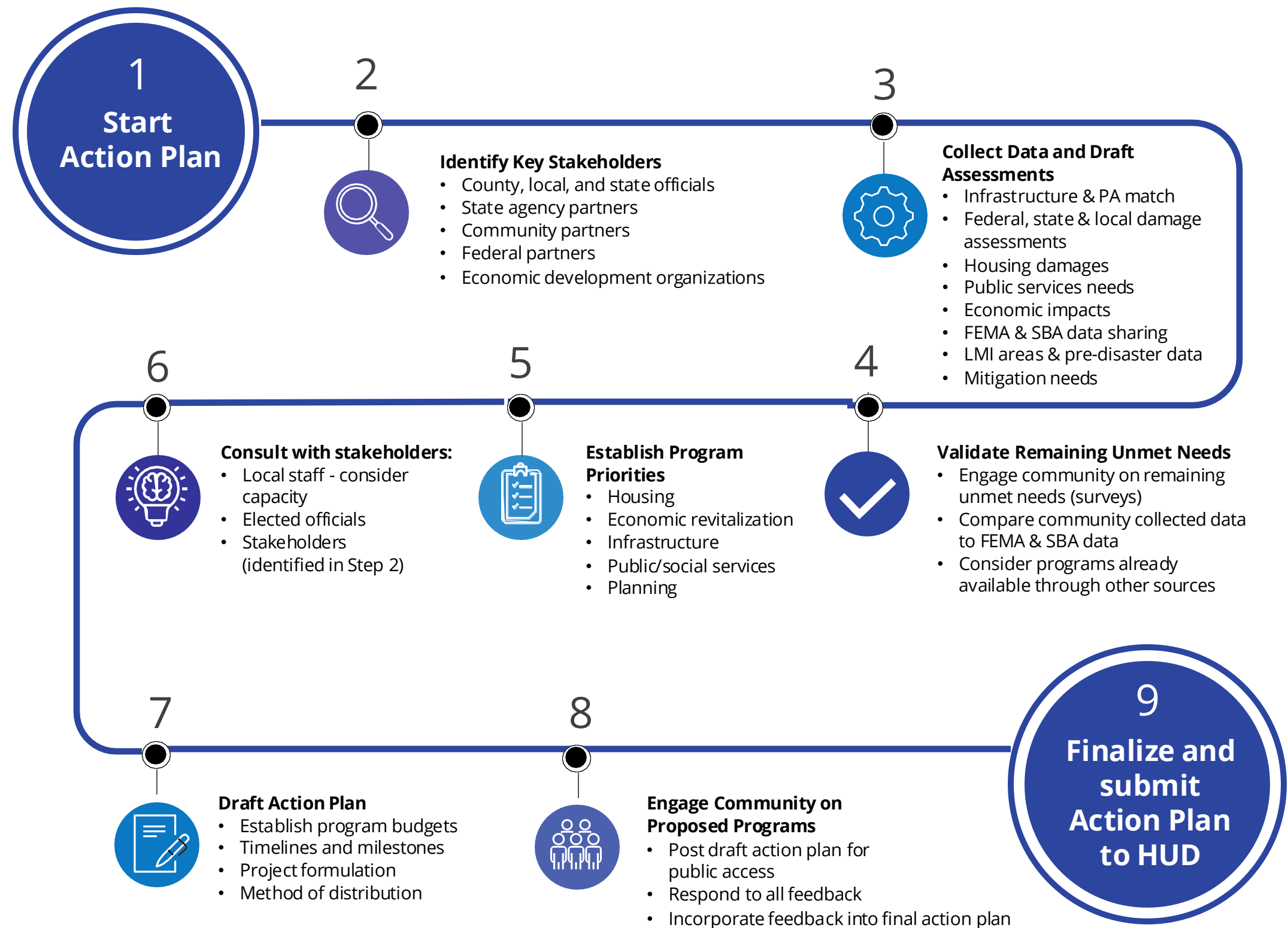
## Mitigation Needs Assessment



## Design Programs and Set Budgets



# Action Plan Process





## Tie-Back to Disaster or Mitigate Future Disasters



Overall activities must address either:

- A direct or indirect impact of the qualifying disaster, or
- Mitigate threats from future disasters. Only 15% of the funds can be spent on mitigation activities

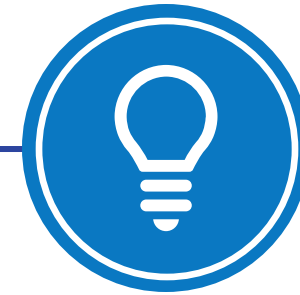
## National Objective



All activities must meet a national objective either:

- Benefit to low-to-moderate (LMI) individuals, households and/or areas, or
- Meet an urgent need
  - Existing conditions related to the disaster that would impose an immediate threat to the health and safety of the community

## Categorized as Eligible Activity



Eligible activities typically fall into these main categories:

- Housing
- Economic Revitalization
- Infrastructure/ Public Facilities
- Public/ Social Services
- Mitigation
- Planning
- Administration

# MIDs and LMI Spending Requirements

## MID Requirements

- HUD designates the *most impacted and distressed* (MID) areas in the Federal Register
- CDBG-DR funds must be spent to benefit the HUD MID area.
- **The designated HUD MID areas for Arkansas are Benton, Cross, and Pulaski County (excluding Little Rock).**

## LMI Requirements

- Low- to Moderate-Income (LMI) are households that earn 80% or below of the area median income.
- **70% of total grant funds must benefit LMI households or areas.**



# 2024 LMI Income Chart of MID Counties

- Households must earn 80% or below of the area median income to be LMI:

County	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Benton	\$57,050	\$65,200	\$73,350	\$81,450	\$88,000	\$94,500	\$101,000	\$107,550
Cross	\$44,700	\$51,050	\$57,450	\$63,800	\$68,950	\$74,050	\$79,150	\$84,250
Pulaski	\$59,300	\$67,800	\$76,250	\$84,700	\$91,500	\$98,250	\$105,000	\$111,800

- 70% of total grant funds must benefit LMI households or areas.**

# Spending Requirements

HUD sets rules for how much funding can go toward certain activities. ADFA must follow these rules to stay in compliance. The table below shows the required minimums and maximums for spending—this is meant to explain the guidelines, not show the program’s budget.

Total Allocation		\$59,048,000
Unmet Need (disaster-related) Activities		\$ 51,346,000
Mitigation Activities		\$ 7,702,000
Requirements and Caps	Percentage	Total
LMI Minimum Requirement	70%	\$ 39,266,920
Administration Cap (maximum)	5%	\$ 2,952,400

# CDBG-DR Roles and Responsibilities

## HUD

- Review CDBG-DR action plans and obligate funds
- Provide grantees with guidance and technical assistance
- Conducts monitoring and oversight to ensure performance and compliance

## Grantee

- Design and implement recovery programs to address unmet needs
- Establishes internal controls to ensure performance and compliance – monitors subrecipients
- Provides technical assistance to local government partners
- Reviews applications to ensure activities are eligible
- Monitors projects to ensure compliance with all funding requirements
- Tracks progress

## Local or State Agency Subrecipients

- Partner to the grantee in program implementation
- Subject to all applicable administrative, financial and cross-cutting Federal rules and requirements
- Comply with the terms and conditions of a Subrecipient Agreement
- Meet performance goals
- Be cooperative to any monitoring

## Beneficiaries

- A business owner, renter, or homeowner
- Adhere to the policies that govern the award
- Understand false claims or statements are subject to civil or criminal penalties



# Ineligible uses of CDBG-DR funds

All CDBG-DR funded activities must be an eligible activity, meet a national objective, and show a tieback to the disaster or be an eligible mitigation activity.

There are additional restrictions on the types of activities that can be funded with CDBG-DR. The following activities are not allowed:

- Equipment purchases (ex. vehicles, portable generators)
- Costs already covered by FEMA, insurance, or other federal programs ("duplication of benefits")
- General government operations (e.g., salaries not tied to disaster recovery)
- Political activities or lobbying
- Luxury or non-essential items, like decorative features or amenities
- Rehabilitation or reconstruction of second homes or vacation homes
- Maintenance and operations expenses
- Rebuilding structures in the floodplain (limitations apply)
- Supplanting funds

# Grant Compliance Requirements

Using CDBG-DR funds comes with important rules, including:

- **No duplication of benefits:** CDBG-DR can't pay for costs already covered by FEMA, insurance, SBA loans, or other sources.
- **Environmental review is required:** Before projects begin, they must follow federal environmental rules under NEPA (National Environmental Policy Act).
- **Strict rules for contracts and spending:** Grantees and partners must follow federal procurement and financial management rules and guidelines (known as the Uniform Guidance).
- **Labor standards apply:** For construction work, Davis-Bacon wage rules require that workers are paid fair, federally-set wages.
- **Fair housing and civil rights laws must be followed:** Programs must be inclusive and prevent discrimination in housing and services.

# We want to hear from you

There are several ways the public can participate in the Action Planning Process:

- **Take the Unmet Needs Survey:** <https://app.smartsheet.com/b/form/4f0c4417193f457e8a7adfa845e737dd>. It will be available until July 31, 2025. It should take less than 5 minutes to complete.
- **Review and Comment on the Action Plan:** The Action Plan will be posted on the ADFA website by September 15, 2025. The public is encouraged to comment on the programs that ADFA will fund with CDBG-DR dollars
- **Attend the Action Plan Public Hearing:** ADFA will hold a virtual public hearing after September 15, 2025 to receive comments on the Action Plan. Registration and the exact date will be posted on ADFA's CDBG-DR Disaster Recovery page.
- **Visit ADFA's CDBG-DR Disaster Recovery Page:** [Community Development Block Grant Disaster Recovery \(CDBG-DR\) – Arkansas Development Finance Authority](https://adfa.arkansas.gov/programs/community-development-block-grant-disaster-recovery-cdbg-dr/)  
(<https://adfa.arkansas.gov/programs/community-development-block-grant-disaster-recovery-cdbg-dr/>).



# Thank you

For additional Information please contact:

Lori Brockway, Federal Housing Programs Manager  
Arkansas Development Finance Authority  
Telephone: (501) 682-3339  
Email: [Lori.Brockway@Arkansas.gov](mailto:Lori.Brockway@Arkansas.gov)