

**2025 Community Development Block Grant Disaster Recovery Program**

**Local Preparedness Planning Program**

**Version 2.0**

**April 2026**

# Table of Contents

|                                                   |    |
|---------------------------------------------------|----|
| Version History.....                              | 3  |
| Introduction .....                                | 4  |
| Program Description .....                         | 4  |
| Administration .....                              | 4  |
| Funding Amounts.....                              | 4  |
| Planning Activities.....                          | 4  |
| National Objectives.....                          | 5  |
| Disaster Tie-back & Mitigation.....               | 5  |
| Eligible Areas.....                               | 5  |
| Eligible Applicants .....                         | 5  |
| Ineligible Costs .....                            | 5  |
| Application Process.....                          | 6  |
| Notice of Funding Availability .....              | 6  |
| Application .....                                 | 6  |
| Eligibility Criteria .....                        | 6  |
| Review and Selection Process.....                 | 8  |
| Grant Agreement .....                             | 10 |
| Award Letter .....                                | 10 |
| Grant Agreement Terms and Conditions.....         | 11 |
| Grant Agreement Modifications.....                | 11 |
| Request for Payment and Quarterly Reporting ..... | 11 |
| Quarterly Performance Reporting .....             | 11 |
| Request for Payments.....                         | 12 |
| Pre-Award Expenses .....                          | 12 |
| Recapture of Funds .....                          | 12 |
| Implementation .....                              | 12 |
| Procurement Requirements .....                    | 13 |
| Environmental Review .....                        | 13 |
| Financial Management .....                        | 13 |
| Internal Controls .....                           | 13 |

|                                                  |    |
|--------------------------------------------------|----|
| Conflict of Interest .....                       | 14 |
| Equal Opportunity .....                          | 14 |
| Prevention of Fraud, Waste, and Abuse .....      | 14 |
| Monitoring and Closeout .....                    | 15 |
| Program Monitoring .....                         | 15 |
| Audit Requirements .....                         | 15 |
| Closeout .....                                   | 15 |
| Recordkeeping .....                              | 16 |
| Minimizing Displacement and Relocation .....     | 16 |
| Mitigation and Resilience.....                   | 16 |
| Timely Expenditures and Project Completion ..... | 17 |

## Version History

| Version | Date         | Summary Description                                                            |
|---------|--------------|--------------------------------------------------------------------------------|
| 1.0     | January 2026 | Original                                                                       |
| 2.0     | April 2026   | Updated to include Displacement, Mitigation, and Timely Expenditures sections. |
|         |              |                                                                                |

## Introduction

In 2025, the Arkansas Development Finance Authority (ADFA) received a Community Development Block Grant-Disaster Recovery (CDBG-DR) allocation from the U.S. Department of Housing and Urban Development's (HUD) to help fund community recovery from the 2023 severe storms and tornadoes (DR-4698) and 2024 severe storms, straight-line winds, tornadoes, and flooding (DR-4788).

The purpose of this policy manual is to provide the overall objectives and process by which ADFA will award CDBG-DR funds for ADFA's Local Preparedness Planning Program (the Program).

## Program Description

The Program will support Most Impacted and Distressed (MID) areas to better prepare for future disasters. Funding for the Program will be allocated to subrecipients. This Program will provide critical planning funding to support communities to update local disaster response plans, hazard mitigation plans, evacuation plans, emergency communication plans, and other recovery plans. By strengthening disaster and mitigation planning at the local level, the Program empowers these communities to make informed decisions, improve preparedness, and better withstand future disasters.

## Administration

ADFA will serve as the lead agency for the allocation of funds to eligible subrecipients.

## Funding Amounts

\$1,000,000 in CDBG-DR funds will be available for the Program. There is a maximum award amount of \$50,000 per application.

## Planning Activities

The requirements for state planning activities under HCDA Section 105(a)(12) have been waived and broadened to align with the standards applied to CDBG entitlement grantees.

Eligible plans must demonstrate a clear focus on building long-term resilience and prioritizing measures that reduce future risks and vulnerabilities. At the end of the planning process a plan must be produced that can be submitted to ADFA.

Funding through this Program may be used to support every phase of the planning process. This includes activities such as collecting and analyzing data, conducting studies, preparing planning documents, and identifying actionable steps to implement these plans.

## National Objectives

The Universal Notice in Section III.C.2, outlines an alternative requirement for states regarding planning activities. They are permitted to follow the rules for entitlement jurisdictions. Therefore, plans are considered to meet a national objective as long as the planning efforts are consistent with the plans described at 24 CFR 570.205.

## Disaster Tie-back & Mitigation

Arkansas communities affected by DR-4698 and DR-4788 faced extensive storm damage. One way to mitigate future storm events is to invest in local disaster preparedness and response planning. The Program is designed to directly assist these Most Impacted and Distressed (MID) areas during their recovery by providing resources to update and strengthen local disaster response and mitigation plans.

Through targeted planning support, communities will be able to integrate lessons learned from DR-4698 and DR-4788, identify specific local vulnerabilities, and prioritize actions that reduce the risk of future storms and flooding. By investing in local planning capacity, this Program establishes a foundation for long-term resilience, empowering communities to make informed decisions, improve coordination, and enhance their ability to withstand future disasters.

## Eligible Areas

Eligible activities will be restricted to projects located within the HUD-designated MID areas of Benton, Cross, and Pulaski Counties (excluding the City of Little Rock because the City received its own CDBG-DR allocation).

## Eligible Applicants

Eligible applicants will be units of general local government. Applicants may partner with local universities or non-profit partners as co-applicants to the Program. If applying with a co-applicant, the applicant must have a written agreement or memorandum of understanding (MOU) in place with the co-applicant that outlines roles, responsibilities, and terms of the partnership.

## Ineligible Costs

The following activities as identified in [24 CFR 570.207](#) are not eligible costs for the Program:

- General government expenses: Expenses required to carry out the regular responsibilities of the unit of general local government are not eligible for assistance.

- Political activities: CDBG-DR funds cannot fund the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as candidate forums, voter transportation, or voter registration.

## Application Process

Eligible applicants are invited to submit applications during the application window. The Program is a non-competitive, first-come, first-served program. Applicants will be eligible for funding provided eligibility criteria are met and funding is available.

## Notice of Funding Availability

ADFA will release a notice of funding availability (NOFA) through the following platforms:

- Email notifications to eligible applicants in the eligible areas
- Website
- Other public channels

ADFA will host an application workshop or other forum to provide an overview of the Program goals, required documentation, and to offer a forum for questions.

Technical assistance is available by sending inquiries to [ADFA.CDBGDR@arkansas.gov](mailto:ADFA.CDBGDR@arkansas.gov). ADFA will respond to all inquiries in a timely manner.

## Application

Once the NOFA is announced, applicants will apply to ADFA using forms which will be located on the ADFA website. Additionally, ADFA will be available to answer questions any applicant may have about the process or required documents. Applicants may only submit one application.

Applications will be accepted during the application window only. Only completed applications, including all required supporting documentation, will be considered for funding.

A list of supporting documents will be included in the NOFA.

## Eligibility Criteria

Each application must address the following eligibility criteria. More information about eligibility criteria and additional documentation needed as part of the application is included within the application guidance materials.

### ***Description of the Planning Activity***

Each application must clearly describe the proposed planning project, outlining the specific need it addresses and the intended goals and outcomes for the community. Applicants are required to submit a comprehensive narrative detailing their objectives for the grant, including a defined scope of work, a proposed budget, a timeline for completion, and the expected benefits to the community. The narrative should also provide a thorough explanation of how the deliverable will reduce risks and enhance resilience within the community.

### ***Planning Location***

Demonstration that the plan will benefit the HUD-identified MID areas.

### ***Tie-back and Mitigation***

Demonstration that the plan is in response to the disaster and will be used to mitigate future disasters impacts as discussed in the mitigation needs assessment in the Action Plan.

### ***Eligibility***

Demonstration that the project is an eligible planning activity consistent with the categories established in 24 CFR 570.205 and the plan lays the groundwork for long-term resilience and prioritizing actions that reduce future vulnerabilities.

### ***Capacity***

The applicant demonstrates the capacity to manage the grant funding.

### ***Budget***

Each submission must provide a comprehensive project budget that details anticipated costs by category, such as support services, program management, and administrative expenses. Applicants should clearly explain how the requested funding amounts were calculated. The budget must also identify all expected sources of funding that will match the CDBG-DR funds. Documentation confirming the commitment of each funding source should be included with the application.

### ***Cost-Effectiveness***

Planning applications must demonstrate that proposed activities are cost-effective.

## ***Timeline***

Applicants must include a project timeline for completion with milestones. All projects funded under the Program must be completed within two (2) years of grant award unless another timeframe is negotiated with ADFA and incorporated into the grant agreement.

## **Review and Selection Process**

### **Application Review**

Once an application is received, it will be reviewed to ensure all required criteria are met and to confirm both the applicant and proposed plan are eligible for funding. The Program is noncompetitive and awards funding on a first-come, first-serve basis, subject to the availability of funds. Applicants who meet all Program requirements will be considered for funding. Further details about the application process, necessary documentation, and review procedures will be provided in the NOFA.

### **Request for Information**

If something is unclear in the application, ADFA may request additional information or materials. It is important that applicants respond by the due date with the information/materials so that ADFA can complete the evaluation process. Applicants can ask for an extension or for further explanation of the request. If an applicant fails to provide the requested information/materials or fails to ask for an extension or assistance, the application will be evaluated accordingly.

### **Appeals**

All appeal requests related to Program activities are processed and reviewed by ADFA staff. Each appeal will be reviewed against Program policies and requirements. Staff will make a recommendation to the ADFA Board of Directors which will approve the final selection.

Appeal requests to ADFA must be postmarked within 10 calendar days of the date of service on the original correspondence communicating the decision to be appealed. Appeals must be submitted in writing to: Arkansas Development Authority, Attention: CDBG-DR, 1 Commerce Way, Suite 602, Little Rock, AR 72202.

The applicant's written request should contain the following information:

- Applicant's name
- Applicant's mailing address
- Applicant's telephone number
- Email address (if available)
- The reason(s) the decision or action is being appealed
- Documentation that supports the request to overturn the decision

The applicant shall be notified of the final determination in writing.

### **Duplication of Benefits Review**

Prior to an award, a Duplication of Benefits review will take place as well as a determination of cost reasonableness and verification that the CDBG-DR award will not supplant funding for the project from other sources.

Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act prohibits any person, business, or other entity from receiving duplicative financial assistance for the same disaster recovery purpose from multiple sources of federal and other support (42 United States Code [U.S.C.] 5155(a) and (c)). Duplication occurs when a beneficiary receives assistance from multiple sources for a cumulative amount that exceeds the total need for a particular disaster recovery purpose. The amount of the duplication is the amount of assistance provided in excess of need.

Applicants will be required to list and provide documentation regarding other sources of funding they have received. Typical sources of Duplication of Benefits include, but are not limited to, the following:

- Federal Emergency Management Agency (FEMA) Public Assistance
- FEMA Hazard Mitigation Grant Program
- FEMA National Flood Insurance Program
- FEMA Increased Cost of Compliance Benefits
- U.S. Army Corps of Engineers
- Commercial insurance
- State funding
- Subsidized loans
- Capital budgets

ADFA will review the information provided and complete a Duplication of Benefits analysis as part of the application review process. Any duplicative assistance will be deducted from the CDBG-DR award amount. Another Duplication of Benefits review will be performed at grant closeout. To prevent a Duplication of Benefits, matching funds from other sources (i.e., local funds or grants) are considered before ADFA allocates funding. ADEM will perform a Duplication of Benefits analysis for each project that includes:

- 1.) assess applicant's total need;
- 2.) identify total assistance;
- 3.) exclude non-duplicative amounts;

- 4.) exclude funds for a different purpose;
- 5.) exclude funds for the same purpose, different allowable use;
- 6.) identify a final Duplication of Benefits amount (if any) and calculate the award; and
- 7.) reassess unmet need when necessary.

Once funded, subrecipients must agree to subrogate (commit to ADFA) any future payments they may receive after the award amount is determined from sources that represent a potential Duplication of Benefits. The subrogation agreement requires the subrecipient to notify ADFA if additional funds are received and to assist ADFA in collecting any amounts owed from these sources. The subrogation agreement requires the subrecipient to notify ADFA if additional funds are received. The subrecipient will provide ADFA with a description of the funding received. ADFA will verify the complete Duplication of Benefits analysis to determine whether the funds received are duplicative. If the funds received are deemed duplicative, the subrecipient is required to return the funds to ADFA.

### **Supplanting of Funds**

Another form of Duplication of Benefits is using CDBG-DR funds to supplant funds already budgeted for a project. These include City, County, FEMA, State, and U.S. Army Corps of Engineers (USACE) funding. ADFA will verify that CDBG-DR funds will not be used for activities reimbursable by, or for which funds are made available by, FEMA or USACE. ADFA will require applicants to certify that the CDBG-DR funds will not supplant other available funding that has been budgeted or in the case of FEMA and USACE made available to the applicant.

### **Cost Reasonableness Evaluation**

One of the regulations ADFA must follow is 2 CFR 200. Part of those regulations require that projects funded with CDBG-DR funds must be considered necessary and reasonable. Costs are considered reasonable if, in their nature and amount, they do not exceed that which would be incurred by a prudent person in the conduct of competitive business. ADFA will review project costs to be sure they are reasonable.

## **Grant Agreement**

### **Award Letter**

Once award amounts are determined, ADFA will send an award letter to successful applicants, which is a preliminary offer to enter into a grant agreement. Awards will be considered final upon receipt of a signed grant agreement between ADFA and the subrecipient.

## **Grant Agreement Terms and Conditions**

After the award letter, ADFA will send a grant agreement to the subrecipient. Prior to any disbursement of CDBG-DR funds, the grant agreement must be signed by all parties. The grant agreement will include a statement of work, schedule of activities and milestones, budget, reporting requirements, recordkeeping, termination, recapture of funds, and other CDBG-DR requirements.

Funding will be provided as a grant to subrecipients on a cost reimbursement basis according to the terms identified in the grant agreement. Subrecipients must verify all costs before submitting invoices to ADFA for reimbursement and provide all required reporting and supporting documentation requested by ADFA.

## **Grant Agreement Modifications**

All projects funded under the Program must be completed within two (2) years of grant award unless another timeframe is agreed upon or an extension is granted. Subrecipients may request a grant amendment to extend the period of performance, for scope changes, or for budget changes that affect the CDBG-DR grant award.

## **Request for Payment and Quarterly Reporting**

### **Quarterly Performance Reporting**

Applicants will be required to submit a project schedule that details specific milestones and spending timelines with their application. To ensure that the subrecipient is following their timeline, ADFA will require subrecipients to submit a quarterly status report to provide updates on the project.

In order to meet the HUD requirement for submitting the Disaster Recovery Grant Reporting System (DRGR) Quarterly Performance Report, ADFA will require subrecipients to provide quarterly progress update reports. This performance report shall be submitted to ADFA at a due date and in a format specified in the subrecipient grant agreement. These reports will provide:

1. General Information – a comprehensive narrative on project progress, meeting milestones, and progress on performance metrics.
2. Financial Information - current expenditure of federal funds and any other funds being utilized

## Request for Payments

Subrecipients will be responsible for submitting draw requests to be reimbursed for incurred costs. Before submitting the draw for funds, subrecipients must verify that vendor invoices are accurate and complete, the activities and costs were incurred during the period of performance, and all required support documentation is included in the draw request.

ADFA will review each draw including:

- Review documentation submitted and compare it to the draw request and remaining budget.
- Review for eligibility based on applicable laws, CDBG-DR requirements, and CDBG regulations.
- Follow-up as necessary for clarification.

## Pre-Award Expenses

Project expenses incurred before the effective date of the grant agreement are not considered eligible expenses for reimbursement.

## Recapture of Funds

Under the circumstances listed below, applicants may be required to repay all or a portion of the assistance received. The reasons for grant recapture include, but are not limited to, the following scenarios:

- An applicant is determined to have provided false or misleading information to the Program.
- An applicant withdraws from the Program prior to completion of the project. (Withdrawal from the Program must be in writing or via email.)
- The project is not completed due to non-cooperation by the applicant.
- The applicant did not comply with the approved scope of work in a manner that made the project eligible.
- The applicant failed to report the receipt of any additional funds received after a Duplication of Benefits analysis was conducted.

All applicants who have been identified for the recapture of Program funding will not be able to close out of the Program until all funds have been repaid to the Program.

## Implementation

The following are the CDBG-DR requirements for implementation of the grant. ADFA will produce a subrecipient grant manual that will go into more detail on each of these requirements.

## Procurement Requirements

All procurements funded, in whole or in part, with CDBG-DR funds must comply with the requirements of 2 CFR 200.318 – 327.

## Environmental Review

Planning must be in compliance with the National Environmental Policy Act (NEPA), and other related federal and state environmental laws. Planning is Categorically Excluded Not Subject to (CENST) Section 58.5 pursuant to 24 CFR Part 58.34(a)18 and 58.35(b)19. The CENST was completed at the CDBG-DR program level for Planning Activities.

## Financial Management

Subrecipients are responsible for managing the Program grant award and must maintain a robust financial management system. Essential principles include establishing effective financial controls, ensuring costs are allowable, tracking program income, and conducting regular audits.

Governmental entities and public agencies receiving CDBG-DR funding must comply with specific administrative and financial management requirements outlined in CDBG regulations. This includes adherence to 24 CFR 570.489 for basic program administration, as well as any waivers or alternative requirements specified in the Federal Register Notice for disaster recovery funds. Additionally, subrecipients must follow the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards under 2 CFR Part 200, as adopted by HUD and clarified in 24 CFR 570.502.

## Internal Controls

Proper internal controls allow an organization to maintain adequate oversight and control of its cash, property, and other assets. Internal controls are established by developing policies, procedures, defined job responsibilities, personnel, and record keeping practices.

The soundness of any subrecipient's financial management structure is determined by its system of internal controls. Specifically, internal controls refer to the following:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

With a sound internal control system, a subrecipient can ensure that:

- Resources are used for authorized purposes and in a manner consistent with applicable laws, regulations, and policies.

- Resources are protected against waste, mismanagement, or loss.
- Information on the source, amount, and use of funds is reliable, secured, and up-to-date, and this information is disclosed in the appropriate reports and records.

As part of an effective internal control system, sufficient personnel should be designated as the primary staff at the subrecipient organization responsible for the financial management of the CDBG-DR project. Refer to 2 CFR 200.303 for more information.

### **Conflict of Interest**

No person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient, or of any designated public agencies, or of subrecipients that are receiving funds under this part who exercise or have exercised any functions or responsibilities with respect to CDBG-DR activities assisted under this part, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities may obtain a financial interest or benefit from a CDBG-DR-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-DR-assisted activity, or with respect to the proceeds of the CDBG-DR-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for 1 year thereafter.

### **Equal Opportunity**

Through the use of CDBG-DR funding, no person should be excluded, denied benefits, or subjected to discrimination on the basis of their race, color, national origin, sex, disability, or age. ADFA and its subrecipients may not discriminate in any of the following areas: deciding who will be admitted or have access to any CDBG-DR-funded program or activity; providing opportunities in or treating any person with regard to such a program or activity; or making employment decisions in the administration of or in connection with such a program or activity.

ADFA and the subrecipients must administer and fund programs that are in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601–3619), and implementing regulations, and will affirmatively further fair housing.

### **Prevention of Fraud, Waste, and Abuse**

This Program will be monitored periodically by ADFA to ensure compliance with all federal and state requirements. A subrecipient must agree to return all unexpended funds and improper payments to ADFA in the event of fraud, waste, or mismanagement and/or substantial noncompliance with the guidelines. Complaints regarding fraud, waste, or abuse

of funds will be forwarded to the HUD Office of the Inspector General Fraud Hotline (phone: 1-800-347-3735 or email: [hotline@hudoig.gov](mailto:hotline@hudoig.gov)).

The Prevention of Fraud, Waste, and Abuse Policy can be found on the ADFA website

## **Monitoring and Closeout**

### **Program Monitoring**

ADFA will monitor all projects. Therefore, subrecipients must closely monitor operations in order to increase efficiency, be compliant with applicable rules and regulations, and improve the overall quality of services and the use of funds. The frequency and timing of ADFA monitoring will be based on a risk assessment. Monitoring is a formal process in which the program implementation is reviewed. If issues are identified during monitoring remedies will be discussed with the subrecipient. All monitoring findings must be resolved before the project is closed.

### **Audit Requirements**

All audits must be conducted in accordance with 2 CFR Part 200 and must be performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) (see 2 CFR 200.514(a)). According to GAGAS, a financial audit should determine whether:

- Financial information is presented in accordance with the established or stated criteria.
- The subrecipient has adhered to specific financial compliance requirements.
- The subrecipient's internal control structure over financial reporting and/or safeguarding assets is suitably designed and implemented to achieve control objectives.

### **Closeout**

When executing closeout procedures, the subrecipient must hold a public hearing to discuss the program closeout as the funds are depleted. The Project Completion Report and back-up documentation must be completed, the national objective must be met, there cannot be any outstanding compliance review findings on the project, and all required audits must be approved.

The project will be ready for closeout when the following conditions are met:

- All eligible activities are completed in accordance with the scope of work agreed upon within the signed grant agreement.
- All funds are expended in full or the remaining funds are intended to be returned to HUD.
- All reporting requirements are completed.

- Any special conditions of the Program are met.
- All audit and monitoring issues are resolved.
- A final Duplication of Benefits check has been performed.
- All closeout forms are submitted.

## Recordkeeping

Subrecipients must thoroughly document compliance with all applicable regulations by maintaining complete records and submitting all required reports. Filing systems should be user-friendly and provide a clear historical record of activities for review by HUD, ADFA, auditors, and local staff. All relevant books, records, accounts, documents, and other materials related to the grant must be accessible to these entities. Certain records must also be available to the public, while files containing personal information—such as social security numbers—must be securely stored.

Records must be retained in accordance with 24 CFR 570.490(d) for at least three years following the closeout of the grant to the state.

## Minimizing Displacement and Relocation

The need to minimize displacement and relocation of tenants will not apply to the Local Preparedness Planning Program as displacement will not occur.

## Mitigation and Resilience

Mitigation activities are defined as those activities that increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship, by lessening the impact of future disasters. Resiliency is defined as the capacity of individuals, communities, institutions, businesses, and systems to survive, adapt, and thrive no matter what kinds of chronic stresses and acute shocks they experience.

For planning assistance, mitigation, and resilience planning measures include, but are not limited to, plans whose purpose is to reduce:

- Risks to people and property.

- Public service interruption for members who are most vulnerable to natural and climate-related risks.
- Disproportionate impacts of economic, social, and climate shocks to protected classes and vulnerable populations, including those with disabilities, the elderly,
- Impacts and interruptions to FEMA Community Lifelines.

All projects should include mitigation and resiliency components.

## **Timely Expenditures and Project Completion**

Unless otherwise stated within the Grant Agreement, projects funded under this program have a period of performance of two (2) years. The period of performance will commence upon execution of a grant agreement between the ADFA and the Subrecipient. ADFA may approve extensions of the period of performance, contingent on the State's overall CDBG-DR grant timeline and HUD approval, provided the Subrecipient demonstrates that good cause exists.

In order to meet the HUD requirement for submitting the DRGR Quarterly Performance Report, ADFA will require subrecipients to provide quarterly progress update reports. The due date for progress reports will be included within Grant Agreement. These reports will provide updates on various elements of the award, including but not limited to:

- Progress Narratives
- Current Expenditure of Federal Funds
- Progress on Performance Metrics