The State of Arkansas

2025 CDBG-DR Action Plan
Substantial Amendment 1
Summary

<u>SUMMARY OF CHANGES:</u>

- Removes the Infrastructure in Support of Housing activity from the Action Plan and reallocates associated funding to the Multi-Family New Construction Program
- Updates program descriptions and budget tables to reflect revised funding allocations
- Updates mitigation set-aside funding in all applicable tables to present dollar amounts rather than percentages
- Confirms award cap for the Local Planning Program
- Replace the Single-Family New Construction Program with the Homeownership Assistance Program by eliminating developer-funded new construction activities and providing direct homeownership assistance to eligible households.
- Revises the eligibility criteria under the FEMA Non-Federal Match Infrastructure Program
- Clarifies the scoring criteria for the Multi-Family New Construction Program, as it will mirror the most current Qualified Allocation Plan (QAP) issued by ADFA for its Low-Income Housing Tax Credit program.
- Updates the Unmet Needs Assessment and aligns with programmatic changes.

PUBLIC COMMENT PERIOD: September 16, 2026- October 15, 2026
DATE SUBMITTED TO HUD:

DATE APPROVED BY HUD:

SECTION 1: OVERVIEW

As unmet needs change the Arkansas Development Finance Authority (ADFA) will periodically update the 2025 CDBG-DR Action Plan with amendments. The purpose of this **Action Plan Amendment (APA) Number 1** is to modify program activities, funding allocations, and program requirements to better align available resources with current housing recovery and mitigation priorities. This amendment is considered substantial according to the definition stipulated in the HUD Federal Register Notice 90 FR 1754 and in accordance with the State's citizen participation plan because it includes revisions to program activities and funding allocations.

APA 1 and a full version of the amended Action Plan showing all revisions in track changes format are available for review on ADFA's website https://adfa.arkansas.gov/programs/cdbg-disaster-recovery-2025/ , and can be requested by email at Lori.Brockway@arkansas.gov, (Subject: CDBG-DR Action Plan Amendment by phone at (501) 682-3339, or by mail at 1 Commerce Way, Little Rock, AR 72202. For hearing-impaired users, text telephone service is available at 711.

The public comment period for APA 1 will be open from 8:00 a.m. on September 16, 2026, to 4:30 p.m. on October 15, 2026. Comments on the proposed amendment can be submitted via email to Lori.Brockway@arkansas.gov or to the attention of Lori Brockway, 1 Commerce Way, Little Rock, AR 72202. All comments are given the same consideration regardless of the method of submission.

SECTION 2: ACTION PLAN MODIFICATIONS

APA 1 proposes revisions to the 2025 CDBG-DR Action Plan to reallocate funding, update program descriptions, and revise certain program requirements to reflect current recovery conditions and anticipated development patterns within the HUD-designated Most Impacted and Distressed (MID) areas.

Explanation of Modification:
APA 1 proposes revisions to the 2025 CDBG-DR Action Plan to better align program design, funding allocations, and eligibility criteria with current recovery conditions in the HUD-designated Most Impacted and Distressed areas. The amendment removes the standalone Infrastructure in Support of Housing activity and reallocates those funds ($5,000,000) to the Multi-Family New Construction program.

Also, Amendment 1 replaces the Single-Family New Construction Program with a Homeownership Assistance Program. While the State continues to identify a significant unmet need for affordable owner-occupied housing, ADFA determined that providing direct assistance to eligible homebuyers is a more effective use of available CDBG-DR funds than financing the construction of new housing units. Analysis conducted during program development found that new construction would require substantial subsidy to achieve affordability for low- and moderate-income households, particularly in rural areas where development costs are often higher and builder capacity may be limited.

ADFA also reviewed current housing market conditions within the HUD-designated Most Impacted and Distressed (MID) areas. Market information indicates that housing inventory has increased in portions of the MID area, particularly within Benton and Pulaski Counties, creating opportunities to address housing recovery needs through existing homes available for purchase rather than financing additional residential development.[1] While housing availability and affordability continue to vary across impacted communities, ADFA determined that leveraging existing housing inventory provides a more efficient and cost-effective approach to meeting the identified housing need. Existing housing inventory provides an opportunity to address the same unmet housing need more efficiently through direct homeownership assistance, while allowing available funding to assist a greater number of eligible households.[2]

The revised program will assist eligible households through down payment assistance and closing cost assistance to purchase qualifying homes available within the existing housing market. By providing assistance directly to homebuyers rather than funding developer-led construction activities, ADFA expects to serve more households, accelerate housing recovery, and maximize the impact of available CDBG-DR funds.

The amendment also confirms the Local Planning Program award cap, revises the FEMA Non-Federal Match program to remove HMGP and FHWA eligibility and limit assistance to eligible completed FEMA Public Assistance projects, clarifies a portion of the multi-family program scoring criteria, updates program descriptions and budget tables, and revises mitigation set-aside tables to present mitigation amounts in dollars rather than percentages.

Summary of Modifications:

APA 1 proposes edits to the below sections of the 2025 CDBG-DR Action Plan:

- **Section 5.1 – CDBG-DR Program Allocation and Funding Thresholds**: Modify narrative text and associated tables to reflect revised funding allocations, mitigation set-aside dollars, and thresholds consistent with the proposed reallocation of funds.[1]
- **Section 6.5 – Homeownership Assistance Program:** Replaces the former Single Family New Construction Program with direct homeownership assistance for eligible low- and moderate-income households. The amendment authorizes assistance for down payment assistance, and closing costs; expands property eligibility to homes

[1]Northwest Arkansas Real Estate Market Update, May 2026, NWA Look. Market data indicates increased housing inventory and active listings within Northwest Arkansas. Northwest Arkansas Real Estate Market Update, May 2026.
[2] NWA Housing Inventory Surge 2026, Mason Capital Group. Analysis documents increased housing inventory and expanded availability of homes for purchase across Northwest Arkansas markets. NWA Housing Inventory Surge 2026.

constructed in accordance with 2021 Arkansas residential building code; and establishes a maximum assistance award equal to the lesser of 20 percent of the purchase price or $50,000. Assistance will be provided directly to eligible homebuyers through the closing process.

- **Section 6.6 - Multi-Family New Construction:** Increased allocation budget to $29,000,000. Increased the maximum per unit amount. Expanded the funding criteria to include the Site Selection scoring criteria which will mirror the Site Selection scoring in the most current Qualified Allocation Plan (QAP) for the low-income housing tax credit program. The QAP is reviewed yearly and updated as needed to maximize the funding opportunities to qualified low-income households. The scoring criteria in the program's policies will be revised as with the QAP.
- **Section 6.7 – Infrastructure Overview**: Modify narrative language to reflect the removal of infrastructure in support of housing activities that are no longer proposed under APA 1.
- **Section 6.8 - FEMA Non-Federal Match:** Removing eligibility of non-federal cost share for projects under the Hazard Mitigation Grant Program (HMGP) and Federal Highway Administration (FHWA) projects. Confirming eligible projects for the non-federal cost share under FEMA's Public Assistance (PA) program is for completed projects provided by ADEM.
- **Section 6.9 – Infrastructure in Support of Housing:** Remove this section and related references from the Action Plan, as the activity is no longer proposed under the amended Action Plan. The $5,000,000 will be reallocated to Multi-Family New Construction.
- **Mitigation Set-Aside Percentages:** Revises allocation tables to present mitigation funding amounts in dollar values rather than percentages to improve transparency and consistency.

In addition, modifications will be made, as applicable, to reflect proposed program changes, update funding allocations, and remove activities that are no longer included under the amended Action Plan to ensure overall consistency and clarity.