

State CDBG DR Draft Action Plan Letter for Public Comment

Regular Meeting

March 18th, 2025



Request and Next Steps

Board approval for the following:

- Authorization for the County Manager to submit Buncombe County Government comments on the North Carolina CDBG DR Draft Action Plan

Next Steps:

- Staff submit letter on behalf of Buncombe County Board of Commissioners by Thursday **March 20**



Summary and Timeline

State of North Carolina was allocated **\$1.4 Billion** in Community Development Block Grant – Disaster Recovery (CDBG-DR) funds for Helene Recovery

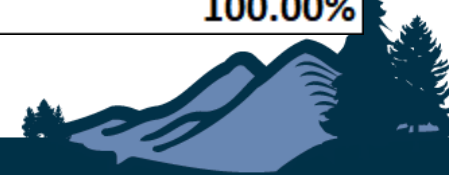
- HUD Allocation Announcement: January 15
- State Draft Action Plan Published: February 18
- *Public Comment Due: March 20*
- *State Action Plan submitted to HUD: April 15*

CDBG-DR will benefit 3 funding areas: **Housing, Infrastructure, and Economic Revitalization**



North Carolina Draft CDBG-DR Action Plan

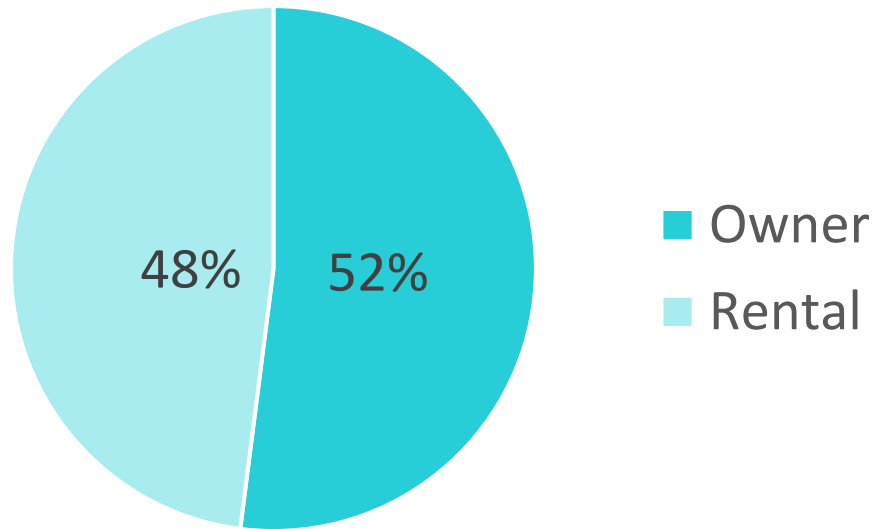
	Program	Program Type	Allocation	Perception of Total CDBG DR Allocation
Housing	Reconstrucion & Rehabilitation for Owner-Occupied Units	State-centric, direct service, supported by contractor	\$807,354,000	56.53%
	Workforce Housing for Ownership	Competitive application	\$53,380,000	3.74%
	Multifamily Construction Program	Competitive application	\$191,340,000	13.40%
	Total		\$1,052,074,000	73.67%
Infrastructure	Community Infrastructure Program: (1)"Stand-alone" projects and (2) Improvements to FEMA-assisted PA or HMGP funded projects	Competitive application	\$193,500,000	13.55%
	Total		\$193,500,000	13.55%
Economic Revitalization	Commercial District Revitalization	Competitive application	\$111,140,000	7.78%
	Total		\$111,140,000	7.78%
Admin (5% Cap)			\$71,406,000	5%
Total			\$1,428,120,000	100.00%



Buncombe County Needs

Housing

- Units Destroyed: 360+
- Destroyed Units Ownership Status:



Infrastructure

- 211 of the 290+ Hazard Mitigation Grant Program applications are for acquisition
- Resilience and future response

Economic Revitalization

- \$4.9 Billion estimated Helene impact on agriculture in WNC¹
- 6,700 SBA loans, \$117 M disbursed

1. NC Office of State Budget and Management



Housing

- **State Proposed Allocation:**
\$1,052,074,000

- **Programs:**

- **Reconstruction & Rehabilitation¹:**
\$807M
- **Workforce Housing for Ownership²:**
\$53M
- **Multifamily Construction Program:**
\$191M

¹State centric program (operated by the State) for single-family, owner-occupied units.

²Workforce is defined as households earning <80% AMI.

- **Suggested Comment Overview:**

- Support state-centric Reconstruction & Rehabilitation model but reduce funding to \$693M
- Increase program funding to support renters relative to community impact (29% rental/71% owners)
- Increase Multifamily Construction Program funding to \$280M
- Increase Multifamily Construction per project maximum assistance to \$25M
- Include \$25M for Rental Assistance
- Ensure geographic distribution of funds based on Helene housing impact data



Infrastructure

- **State Proposed Allocation:**
\$193,500,000
- **Program:** Community Infrastructure
 - “Stand alone” projects to address unmet disaster recovery needs
 - Improvements to FEMA Public Assistance (PA) projects or Hazard Mitigation Grant Program (HMGP) funded projects
- **Suggested Comment Overview:**
 - Consider HMGP and FEMA PA timelines for launch of grant programs
 - Define eligible projects:
 - Emergency operation center and response facilities
 - Communications resilience
 - Emergency sheltering
 - Community Resource Centers
 - Water system improvements
 - Sewer expansion
 - Flood mitigation and detection



Economic Revitalization

- **State Proposed Allocation:**
\$111,140,000
- **Program: Commercial District Revitalization**
 - Acquisition, demolition, site prep, or rehab of commercial structures
 - Assistance to small businesses for rehabilitation and physical improvements to their places of business
 - Façade improvements to private or public structures in commercial areas
- **Suggested Comment Overview:**
 - State support for broad definition of Commercial Areas
 - For grants, request inclusion of planning, public services, mitigation, streetscaping, accessibility, and place-making activities
 - Include funding for small business grants
 - Include funding for agriculture recovery



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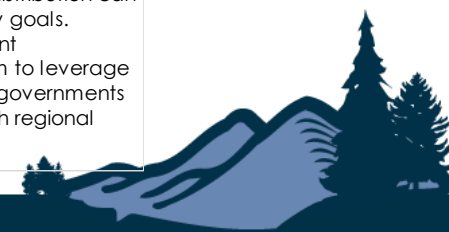
Questions?



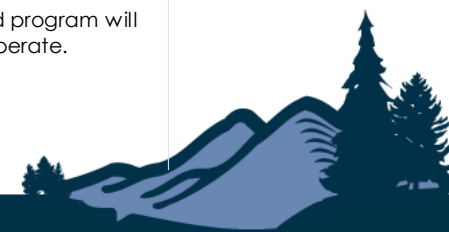
Appendix: Staff Input Summary



Program Area	Comment Buckets	Comment Summary
Economic Revitalization		
	Assistance Cap	On page 93 of the action plan, Section 5.2.5 Economic Revitalization, Subsection 5.2.5.1 Commercial District Revitalization, Table 35. the document states that the maximum amount of assistance per beneficiary is \$10,000,000. Does this mean an entity may receive funding for multiple projects as long as the total approved assistance does not exceed \$10,000,000? Or does it mean that the maximum assistance per individual project is \$10,000,000, allowing entities to apply for and receive funding for multiple projects, potentially exceeding the \$10,000,000 threshold in total?
	Funding Timeline	On page 92 of the action plan, Section 5.2.5 Economic Revitalization, Subsection 5.2.5.1 Commercial District Revitalization (Table 35), the document states that the distribution process will be competitive. It also mentions an initial stage for HUD-identified MID areas and a second stage for all counties covered by the Helene major disaster declaration. Will the full funding allocation be available during the in initial stage application process, or does the State plan to reserve a portion of the funds specifically for stage two? We recommend the stage two application period only be held if funds remain from the initial stage and that entities that qualified for the initial stage remain eligible to apply for funding in stage two.
	Eligible Use of Funds	On page 93 of the action plan, Section 5.2.5 Economic Revitalization, Subsection 5.2.5.1 Commercial District Revitalization, the action plan lists eligible uses of funds, with a focus on individual buildings. Can the State confirm this funding will also support broader mitigation efforts in business districts affected by their proximity to the river? Can funds be used for MIT (mitigation) planning, infrastructure improvements, or enhanced public services in these areas (business districts)? Additionally, would place-making efforts or other improvements to public services in these districts be considered as eligible projects?
Infrastructure		
	Removing Barriers to Assistance	Response: Section 4.5 Persons Belonging to Historically Distressed and Underserved Communities details how the state aims to prioritize the assistance. We found no obvious red flags with the found descriptions
	Evaluation Criteria	On pages 90 and 91 of the action plan, Section 5.2.4 Infrastructure, Subsection 5.2.4.1 Community Infrastructure Program, it describes the variety of projects NCDOC will consider. Will these project characteristics be considered in the scoring criteria? If so, how will the State reconcile the funding of "Stand Alone" projects, which may be funded with up to 100% CDBG-DR funding, and are necessary to address identified unmet disaster recovery needs..." and "Projects with a substantial amount of other funding available;"?
	Program Definitions	Is the State's definition for Infrastructure per 2 CFR § 184.4(c) and 2 CFR § 184.4(d)? Or can the State provide its definition?
	General	On page 90 and 91 of the action plan, Section 5.2.4 Infrastructure, Subsection 5.2.4.1 Community Infrastructure Program, it describes a "variety of projects" NCDOC will consider but does not list specific eligible activities the state may consider. The County recommends including project types that better define projects that may be eligible including, but not limited to, transportation infrastructure or the demolition, rehabilitation, or construction of public facilities.
	Funding Timeline	Under the Infrastructure Program, the County recommends the program application timeline be aligned with HMGP and other federal funding deadlines to give local governments the opportunity to secure alternative funding first to supplement large scale and high impact projects
Multifamily Construction and Repair Program		
	Assistance Type	Response: The AP states "The maximum amount of grant assistance will be \$1,500,000" therefore its expected to be a grant
	Assistance Amount	On page 33 of the action plan, Section 2.2 Housing, Subsection 2.2.2 Rental and Owner-Occupied Single Family and Multifamily housing, Table 9, it states there are 546,439 (71%) owner occupied households and 215,806 (29%) renter households in the combined MID areas. Nevertheless, the funding allocated to rehabilitating or constructing rental units is only 18% of the total funding towards housing programs. The County recommends the funding toward repairing and constructing rental units be increased accordingly.
	Lead Agency	On page 86 of the action plan, Subsection 5.2.3.3 Multifamily Construction and Repair Program, decentralized funding distribution can accelerate housing recovery efforts, generate local jobs, improve affordability, and support long-term disaster recovery goals. Additionally, this approach aligns with best practices in federal programs such as LIHTC which prioritize local government involvement. Would the state consider distributing funding for this program directly to local governments, allowing them to leverage their existing relationships with developers to maximize economic impact and expedite project implementation? Local governments have established partnerships that can streamline project execution, ensure efficient use of funds, and align projects with regional housing needs, zoning regulations, and infrastructure requirements.



	Funding Prioritization	On page 86 of the action plan, Subsection 5.2.3.3 Multifamily Construction and Repair Program, the state should explicitly prioritize Public Housing Authorities (PHAs) within the allocation of CDBG-DR funding to ensure the State meets any unmet need after the exhaustion of other disaster funding for rehabilitation, reconstruction, and mitigation efforts, as they serve as the primary safety net for low-income families, elderly residents, and individuals with disabilities who are disproportionately affected by disasters. CDBG-DR funding is designed to benefit low- and moderate-income (LMI) households, and prioritizing PHAs aligns with HUD's directive to maximize assistance for historically underserved and economically distressed communities. PHAs often lack the financial flexibility to repair or rebuild damaged units without external funding, making their recovery dependent on targeted federal and state resources. Neglecting PHAs in the prioritization process could lead to long-term displacement of residents, increased homelessness, and added strain on emergency housing programs, while other federal disaster recovery programs, such as FEMA's Public Assistance Program and HUD's Community Development initiatives, have historically recognized PHAs as high-priority entities for rebuilding efforts. To address this, the state should establish a dedicated funding mechanism for PHAs, either through a set-aside percentage of CDBG-DR funds or by incorporating them into the highest-priority funding tier, ensuring their direct access to resources and expediting the recovery of the affordable housing stock in disaster-affected areas.
	Program Definitions	Response: There is a 20 year affordability period specified in the AP. Other requirements will be made available in the NOFA
	Assistance Cap	On page 86 of the action plan, Subsection 5.2.3.3 Multifamily Construction and Repair Program, the County recommends structuring assistance caps based on a per-unit funding limit rather than a fixed total cap? This approach would provide greater clarity on project feasibility, allowing developers and stakeholders to better assess which projects can be realistically completed within the program's funding constraints.
		On page 86 of the action plan, Subsection 5.2.3.3 Multifamily Construction and Repair Program, the County recommends increasing the funding cap for large projects, as the current limit may be insufficient to support the development and completion of impactful multifamily housing projects. A higher cap could help ensure that communities can pursue large-scale developments to meet affordability goals while addressing critical housing needs in disaster-affected areas.
Workforce Housing for Ow Funding		
	Assistance Cap	On page 84 of the action plan, Subsection 5.2.3.2 Workforce Housing for Ownership, under maximum amount of assistance per beneficiary, can multiple entities—such as the County, Habitat for Humanity, and other organizations—each submit separate applications for projects within the same geographic area? Additionally, can the same entity submit multiple projects as long as the maximum award of assistance is not exceeded?
	Assistance Cap	Response: NCDOC anticipates conducting only one application round in 2026 for the WHO program
	Program Design	Under the Workforce Housing for Homeownership program, how will the program ensure that smaller counties with fewer resources can effectively compete for funding and form partnerships, similar to larger counties?
Reconstruction and Rehabilitation of Owner-Occupied Housing		
	Program Design	Given potential construction management capacity challenges, how does the program plan to address contractor availability to ensure timely completion of projects? The County recommends that the Construction Managers hired under the Reconstruction and rehabilitation of Owner-Occupied Housing be separate than those required to be used under the small project component of the Multifamily Construction and Repair Program.
	Layering Assistance	Could the program incentivize the integration of Hazard Mitigation Grant Program (HMGP) projects with new construction efforts to support the redevelopment of areas along the river?
General	General	To improve clarity for community members, we recommend that more detailed descriptions of how each referenced program will function in practice including the main process steps to ensure stakeholders fully understand how the programs will operate.



		To enhance clarity and accessibility, we recommend including a comprehensive list of acronyms and their definitions in the appendix. This will ensure that all stakeholders, including those unfamiliar with technical terms, can fully understand the document's content and referenced programs.
		We recommend considering an increase in program eligibility beyond the current limits, potentially up to 200%, to ensure broader access to recovery resources. This adjustment could help support households that may not qualify under the existing threshold but still face significant financial challenges in rebuilding and recovery.
General	General	The State of North Carolina has introduced a bill that may affect local governments: HB171 (https://www.ncleg.gov/BillLookup/2025/HB171). How does this proposal guarantee that recipients of CDBG-DR funds are not adversely affected while they are working to implement the state's plan equitably, ensuring the protection of individuals' civil rights when collecting data for requests? Will impunity be provided for local government staff?
General	General	Regarding small business support, will microbusinesses, including those that do not operate from a brick-and-mortar location, be eligible for funding? Additionally, how will the program address businesses with multiple locations—will they be eligible for assistance, and if so, will funding be based on individual locations or the business as a whole?
General	General	The County recommends that additional details be included in the Reconstruction and Rehabilitation program section such as how the State intends to implement the program across different counties as well as how the State will manage contractors for each county or as a whole.
		We recommend that the State reconsider including counties as part of its implementation strategy for housing programs by leveraging existing local housing partners. This approach could improve coordination and program delivery at the local level.
		Internal Response: A program that provides assistance to non-profits which in turn, provide housing assistance would require a creation of a new program



		The County recommends that the State establish a rental assistance program to support current renters affected by the disaster. Providing direct rental aid would help stabilize households facing financial hardship, prevent displacement, and ensure housing security during the recovery process.
		Internal Response: May not be applicable to AP. Recommend internal discussion
		We recommend that the State design Requests for Proposals (RFPs) to maximize the participation of minority-owned businesses, small businesses, and other historically underutilized contractors and subcontractors. This could include setting participation goals, offering technical assistance, and simplifying application requirements to ensure equitable access to contracting opportunities.
General	General	To support long-term resilience, we recommend that financial assistance be allocated for planning efforts at the local level, as effective recovery and mitigation strategies require dedicated resources. Without funding for planning activities, communities may struggle to develop comprehensive approaches to rebuilding and risk reduction.
General	General	To enhance the effectiveness of housing recovery efforts, we recommend that the state collaborate more closely with local communities and leverage existing systems to implement housing initiatives. Partnering with local governments, housing authorities, and community organizations would provide several benefits, including hiring local contractors, creating jobs, boosting local economies, and increasing opportunities for diverse contractors and subcontractors. Additionally, we recommend ensuring that local public housing authorities (PHAs) are actively involved in the decision-making process, particularly in discussions related to public housing and other assisted units. This could include inviting PHAs' boards and commissions to public hearings and incorporating their input into program development to better align housing recovery efforts with local needs.

