

# **DRAFT SUBSTANTIAL AMENDMENT NUMBER 1**

## **August 2012**

### **ACTION PLAN FOR DISASTER RECOVERY: TORNADOES OF APRIL 2011**

#### **COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

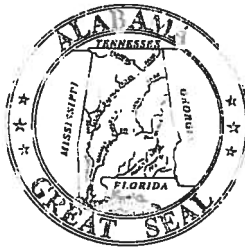


**STATE OF ALABAMA**

**Alabama Department of Economic and Community Affairs  
401 Adams Avenue, Post Office Box 5690  
Montgomery, Alabama 36103-5690  
(334) 242-0492 • Fax (334) 353-3527 • [www.adeca.alabama.gov](http://www.adeca.alabama.gov)**

OFFICE OF THE GOVERNOR

**ROBERT BENTLEY**  
GOVERNOR



STATE OF ALABAMA

ALABAMA DEPARTMENT OF ECONOMIC  
AND COMMUNITY AFFAIRS

**JIM BYARD, JR.**  
DIRECTOR

July 2, 2012

Mr. Charles Franklin, Director  
Community Planning & Development  
U. S. Department of Housing and Urban Development  
950 22<sup>nd</sup> Street, North, Suite 900  
Birmingham, Alabama 35203-5301

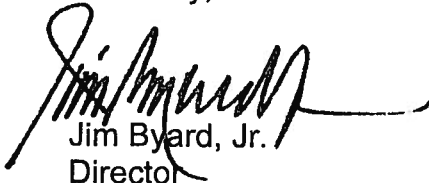
Dear Mr. Franklin:

RE: Alabama Tornadoes Action Plan for Disaster Recovery

Enclosed please find two copies of the above-referenced Action Plan. This plan is designed to assist communities in the State most affected by the April 2011 tornadoes with their remaining disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization needs.

We appreciate the substantial assistance you and your staff have provided and look forward to working with you through the duration of the State's program to deliver the kind of assistance the people of Alabama deserve. Please let me know if you have any questions or concerns about this program. You can be assured we will do our best to address them.

Sincerely,



Jim Byard, Jr.  
Director

JB:WAJ:kb  
Enclosures

# Application for Federal Assistance SF-424

Version 02

<b>*1. Type of Submission</b> <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	<b>*2. Type of Application</b> <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	<b>*If Revision, select appropriate letter(s):</b>  * Other (Specify)
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<b>*3. Date Received:</b>	<b>4. Application Identifier:</b>
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<b>5a. Federal Entity Identifier:</b>	<b>*5b. Federal Award Identifier:</b>
---------------------------------------	---------------------------------------

**State Use Only:**

<b>6. Date Received by State:</b>	<b>7. State Application Identifier:</b>
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**8. APPLICANT INFORMATION:**

<b>* a. Legal Name:</b> State of Alabama	<b>*c. Organizational DUNS:</b> 06-262-0604
<b>* b. Employer/Taxpayer Identification Number (EIN/TIN):</b> 63-6000619	

**d. Address:**

\*Street1: 401 Adams Avenue  
Street 2: Post Office Box 5690  
\*City: Montgomerv  
County: Montgomerv  
\*State: Alabama  
Province:  
Country: USA: United States \*Zip/ Postal Code: 36103-5690

**e. Organizational Unit:**

Department Name: Alabama Department of Economic and Community Affairs	Division Name: Community and Economic Development
--	--

**f. Name and contact information of person to be contacted on matters involving this application:**

Prefix: Mr. Middle Name: *Last Name: Ollia Suffix:	First Name: Shabbir
Title: CED Programs Manager	

**Organizational Affiliation:**

<b>*Telephone Number:</b> 334-242-5468	<b>Fax Number:</b> 334-353-3527
--	---------------------------------

<b>*Email:</b> shabbir.ollia@adeca.alabama.gov
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**Application for Federal Assistance SF-424**

Version 02

9. Type of Applicant 1: Select Applicant Type: A. State Government

Type of Applicant 2: Select Applicant Type:

- Select One -

Type of Applicant 3: Select Applicant Type:

- Select One -

\*Other (specify):

\*10. Name of Federal Agency:

U.S. Department of Housing and Urban Development

11. Catalog of Federal Domestic Assistance Number:

14.228

CFDA Title:

Community Development Block Grants/State's Program and Non-Entitlements Grants in Hawaii

\*12. Funding Opportunity Number:

\*Title:

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

State of Alabama

\*15. Descriptive Title of Applicant's Project:

CDBG Disaster Recovery for April 2011 tornadoes

**Attach supporting documents as specified in agency instructions.**

**Application for Federal Assistance SF-424**

Version 02

16. Congressional Districts Of:

\*a. Applicant AL-All

\*b. Program/Project: AL-All

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

\*a. Start Date: To be determined

\*b. End Date: N/A

18. Estimated Funding (\$):

\*a. Federal \$24,697,966.00

\*b. Applicant

\*c. State

\*d. Local

\*e. Other

\*f. Program Income

\*g. TOTAL \$24,697,966.00

19. Is Application Subject to Review By State Under Executive Order 12372 Process?

a. This application was made available to the State under the Executive Order 12372 Process for review on

b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E.O. 12372

20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)

Yes  No

21. \*By signing this application, I certify (1) to the statements contained in the list of certifications\*\* and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances\*\* and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

\*\*I AGREE

\*\* The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: Mr.

\*First Name: Jim

Middle Name:

\*Last Name: Byard

Suffix: Jr.

\*Title: Director, Alabama Department of Economic and Community Affairs

\*Telephone Number: 334-242-5090

Fax Number: 334-242-5099

\*Email: jim.byard@adeca.alabama.gov

\*Signature of Authorized Representative:

Date Signed: June 29, 2012

## CERTIFICATIONS:

- A. The State of Alabama certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within its jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard. (See 24 CFR 570.487(b)(2) and 570.601(a)(2).)
- B. The State of Alabama certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan in connection with any activity assisted with funding under the CDBG program.
- C. The State of Alabama certifies its compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by part 87.
- D. The State of Alabama certifies that the Action Plan for Disaster Recovery is authorized under State and local law (as applicable) and that the grantee, and any entity or entities designated by the grantee, possess(es) the legal authority to carry out the program for which it is seeking funding, in accordance with applicable HUD regulations and this Notice.
- E. The State of Alabama certifies that activities to be undertaken with funds under this Notice are consistent with its Action Plan.
- F. The State of Alabama certifies that it will comply with the acquisition and relocation requirements of the URA, as amended, and implementing regulations at 49 CFR part 24, except where waivers or alternative requirements are provided for in this Notice.
- G. The State of Alabama certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C1701u), and implementing regulations at 24 CFR part 135.
- H. The State of Alabama certifies that it is following a detailed citizen participation plan that satisfies the requirements of 24 CFR 91.105 or 91.115, as applicable (except as provided for in notices providing waivers and alternative requirements for this grant). Also, each unit of local government receiving assistance from the State must follow a detailed citizen participation plan that satisfies the requirements of 24 CFR 570.486 (except as provided for in notices providing waivers and alternative requirements for this grant).
- I. The State of Alabama certifies that it has consulted with affected units of local government in counties designated in covered major disaster declarations in the non-entitlement, entitlement, and tribal areas of the State in determining the method of distribution of funding.
- J. The State of Alabama certifies that it is complying with each of the following criteria:

(1) Funds will be used solely for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas for which the President declared a major disaster in 2011, pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (42 U.S.C. 5121 *et seq.*).

(2) With respect to activities expected to be assisted with CDBG disaster recovery funds, the Action Plan has been developed so as to give the maximum feasible priority to activities that will benefit low- and moderate-income families.

(3) The aggregate use of CDBG disaster recovery funds shall principally benefit low- and moderate-income families in a manner that ensures that at least 50 percent of the grant amount is expended for activities that benefit such persons.

(4) The State of Alabama will not attempt to recover any capital costs of public improvements assisted with CDBG disaster recovery grant funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless: (A) Disaster recovery grant funds are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than under this title; or (B) for purposes of assessing any amount against properties owned and occupied by persons of moderate income, the grantee certifies to the Secretary that it lacks sufficient CDBG funds (in any form) to comply with the requirements of clause (A).

K. The State of Alabama certifies that the grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and the Fair Housing Act (42 U.S.C. 3601–3619) and implementing regulations.

L. The State of Alabama certifies that it will require units of general local government that receive grant funds to certify that they have adopted and are enforcing:

(1) A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and

(2) A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

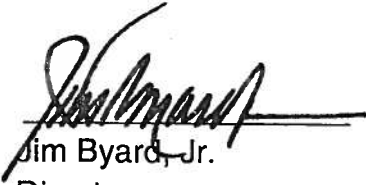
M. The State of Alabama certifies that it (and any subrecipient or administering entity) has the capacity to carry out disaster recovery activities in a timely manner.

N. The State of Alabama certifies that it will not use CDBG disaster recovery funds for any activity in an area delineated as a special flood hazard area in FEMA's most current

flood advisory maps, unless it also ensures that the action is designed or modified to minimize harm to or within the floodplain, in accordance with Executive Order 11988 and 24 CFR part 55.

O. The State of Alabama certifies that its activities concerning lead-based paint will comply with the requirements of 24 CFR part 35, subparts A, B, J, K, and R.

P. The State of Alabama certifies that it will comply with applicable laws.

A handwritten signature in black ink, appearing to read "Jim Byard, Jr.", is written over a horizontal line.

Jim Byard, Jr.

Director

Alabama Department of Economic and Community Affairs



# State of Alabama

## Action Plan for Disaster Recovery: Tornadoes of April 2011

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**Addendum:** (A copy of the Addendum items is available on the ADECA Website at:  
<http://adeca.alabama.gov/C8/FY2005%20Application%20Manual/default.aspx>)

- A–Map: FEMA-1971-DR, Alabama Disaster Declaration as of 06/01/2011  
Map – Alabama Long Term Recovery Committees
- B–Preliminary Economic & Fiscal Impacts of the April 27, 2011  
Tornadoes on Alabama
- C–Consultation with Public
- D–Unmet Needs Identified by Local Areas
- E–FEMA Individuals and Households 5-31-12
- F–HUD Estimate of Severe Unmet Needs
- G–Red Cross:
  - All Dwelling Types by Level of Damage & Damage Classification
- H–Alabama Housing Needs Assessment October 18, 2011
- I–April 27, 2011 Tornado Damage Impacts & Updates
- J–Unemployment Data
- K–SBA Disaster Loan Statistics

**STATE OF ALABAMA**

**ACTION PLAN FOR DISASTER RECOVERY:  
TORNADOES OF APRIL 2011**

**PREFACE**

The tornadoes of April 2011 left a path of destruction in Alabama covering well over 1,000 miles, and FEMA estimates the State's property damage in the billions of dollars. More significant than the recovery challenges left by the devastation, however, was the loss of 242 lives - the second highest loss to tornadoes in Alabama history. In addition, more than 2,200 people were injured.

The National Weather Service confirmed that the 30 tornadoes which struck the northern two-thirds of central Alabama included five EF-4 monsters and an ER-5 colossus with 200+ miles-per-hour winds that destroyed nearly all of the rural town of Hackleburg in Marion County. Several other communities had major damage. Nearly 14,000 homes were either totally destroyed or have been declared uninhabitable.<sup>1</sup> A map of Alabama counties designated for Disaster Declaration is included at Addendum A, along with a map of Alabama Long Term Recovery Committees.

Recovery efforts began within minutes of the storm as Alabama's municipal, county and State officials and employees (including the Governor), the Emergency Management Agency, FEMA, the Alabama National Guard, and other community agencies were joined by churches, individuals and many volunteer organizations to care for affected residents and start the process of putting their communities back together. While all 67 counties in the State are declared disaster counties, 43 qualified for both individual and public assistance from FEMA.

**ASSESSING UNMET NEED**

Understanding and assessing unmet need is the first step toward long-term disaster recovery. Unmet need is the gap between total disaster damage a community sustained and the post-disaster resources the community received from all sources to assist in its recovery. Resources include private insurance; federal assistance received from FEMA and SBA; and any State, local or volunteer resources received.

Assessment of unmet need for long-term disaster recovery includes three components: (1) housing; (2) infrastructure; and (3) economic revitalization. The Needs Assessment is essential to guide the development and prioritization of planned recovery activities; to

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<sup>1</sup>Preliminary Economic and Fiscal Impacts of the April 27, 2011 Tornadoes on Alabama, Center for Business and Economic Research, University of Alabama, June 2011. (Document provided as Addendum B at the end of the Action Plan.)

assure targeting of limited resources to areas of greatest need; and to promote healing which is essential at the individual, neighborhood and community level. ADECA's needs assessment was conducted in the following phases:

Phase 1 included the collection and review of all information available through the office of the Alabama Governor, media throughout the State, and damage estimates from federal agencies.

Phase 2 included contacts with all local areas through the Mayor's offices, the County Commissions, the Regional Planning Commissions, volunteer agencies and local authorities. ADECA solicited feedback through local meetings with individuals and groups and maintained on-going dialogue with local governments, regional planning commissions, and other public and private agencies. Addendum C documents ADECA's consultation with the public, including the Public Hearing held on June 19, 2012; comments and responses from the hearing; and subsequent comments and responses.

Phase 3 of the Needs Assessment consisted of requests to local areas for a summary of unmet needs, and that information is included in Addendum D: "Unmet Needs Identified by Local Areas."

Phase 4 consists of information to be gathered from applications received from local governments, entitlements and Indian tribes. It is anticipated that priorities could shift and some previously unavailable information could come to light during this process.

Phase 5 will consist of any reliable information received by ADECA following approval of the Action Plan. As stated in the Federal Register (Docket No. FR-5628-N-01 effective April 23, 2012), "Disaster recovery needs evolve over time as the full impact of a disaster is realized and costs of damages transition from estimated to actual. Remaining recovery needs also evolve over time as they are met by dedicated resources." Therefore, minor changes up to substantial amendments to the Action Plan may become necessary.

## **NEEDS ASSESSMENT**

In order to get an overall picture of the extent of damage done to housing, infrastructure and the economy in Alabama by the storms of April 2011, the Alabama Department of Economic and Community Affairs contacted FEMA, SBA, the Alabama Department of Insurance, Red Cross, Alabama Department of Commerce and others for information. Information obtained from these agencies is provided throughout the Action Plan and in the addendums. Performing the Needs Assessment provided ADECA with an understanding of the types and locations of community needs so that limited resources can be targeted to areas with the greatest need.

Information provided at Addendum E reports FEMA assistance to individuals and households as of May 31, 2012 and provides FEMA estimated unmet needs in the 43 most impacted counties in Alabama as \$136,964,850.52. Less significant amounts of damage were reported in the remaining 24 counties within the State.

Information presented in Addendum F: "HUD Estimate of Severe Unmet Need" estimates 1,090 *severely damaged homes* and 143 *severely damaged businesses* in Alabama as of December 2011. HUD further estimated the dollar value of *severe housing unmet needs* at \$110,031,128 and *severe business unmet needs* at \$76,127,379 for a *total severe housing and business need* of \$186,158,507.

**1) Housing**

Housing conditions in the wake of the tornadoes have been extensively documented by FEMA, SBA, and Red Cross. Statistical information from those agencies on the hardest hit areas is provided by county (and in some cases by zip code) at the end of the Action Plan. The following chart summarizes the damage assessment by dwelling site provided by the Red Cross. A breakdown of damage by County as well as the basic classifications used by Red Cross for the non-flood damage assessment is included in Addendum G.

**Table 1**  
**Damage Assessment by Dwelling Type**

Dwelling Type	Counties Sustaining Damage	Destroyed Units	Major Damage	Minor Damage	Affected Units	Total Units
Single Family	42	6,234	5,026	4,470	4,117	19,847
Multi-Family (Apartments)	18	295	162	103	139	699
Mobile Home	39	1,272	607	578	550	3,007
All Dwelling Types	45	7,801	5,795	5,151	4,806	23,553

Source: American Red Cross

It is important to note that numbers provided by diverse sources differ due to the date

the information was provided, the variation in the definitions used for major and minor damage, and other factors.

The Alabama Housing Needs Assessment (Addendum H) reported that FEMA received 84,480 registrations from disaster survivors from 43 counties, but not all of these were approved for FEMA assistance, and not all were for housing. FEMA property inspections of affected housing showed that 11,921 were insured and 12,406 uninsured for a total of 24,327 inspections. Thus, those reporting insurance and those reporting no insurance to FEMA were split almost evenly.

Public Housing and Housing Choice Vouchers - The Alabama Housing Needs Assessment further confirms that 224 public housing units were destroyed and 292 were heavily damaged, with 156 displaced families. The hardest hit public housing authorities (PHAs) were in Tuscaloosa, Phil Campbell, and Hackleburg.

All displaced public housing families were offered housing in vacant units. Among the families receiving Housing Choice Vouchers (HCV), 105 families were displaced from damaged or destroyed market rate units. At the time of the report, 83 (79%) had been permanently re-housed with HCV subsidies and of the remaining 20 households, 18 were pending inspection of a unit for HCV subsidy and two (2) refused assistance and pursued other housing options. HUD multi-family units had significant damage (362 units with major damage and 209 families displaced). At report completion, all displaced residents were permanently or temporarily housed while their pre-disaster units were repaired.

USDA Housing - The Alabama Housing Needs Assessment reports that 22 USDA units were damaged, with 12 units destroyed in Hackleburg. Most displaced families were re-housed in vacant USDA units, but information was incomplete at the time of the report.

#### **1) a. Unmet Need - Housing**

Vast needs exist regarding infrastructure restoration and economic revitalization in Alabama; however, ensuring that the unmet housing needs of the residents are met is of highest priority. HUD's Office of Policy Development and Research (PD&R) calculates unmet housing need as "the costs to repair seriously damaged housing units beyond the funds that private insurance coverage, FEMA grants, and SBA loans provide."

According to the Alabama Housing Needs Assessment dated October 18, 2011, "HUD estimates nearly \$108.9 million in unmet housing needs after taking into account losses already covered by insurance, FEMA individual assistance, and SBA loans. According to estimates, there are 575 owner-occupied housing units with an approximate unmet housing need of \$20.6 million, and 1,671 rental units with an unmet housing need of nearly \$88.3 million." The Alabama Housing Needs Assessment is included in its entirety in Addendum H.

Further, the Assessment cited above states that Jefferson, Cullman, DeKalb, Tuscaloosa, Marshall, Jackson, and Madison counties have 312 (54.4%) of the owner-occupied units for total unmet needs of \$10.6 million. Tuscaloosa concentrates 70.1% (1,171) of the rental units with unmet needs and 62.5% (\$55.2 million) of the amount of rental unmet needs in the State of Alabama.

Sources available to ADECA document that the unmet housing needs in Alabama are significant. According to the Alabama Housing Needs Assessment prepared by HUD, only about 50% of housing losses were covered by insurance. Therefore, housing rehabilitation and construction will be an ADECA priority. A preliminary target of 50% of funding has been identified for housing projects for the most affected target counties.

## 2) Infrastructure

Unmet Needs Identified by Local Areas - The first approach to determining infrastructure (including public facilities) needs was to request that the local areas provide a summary of the most desperate needs as recognized at that point in time and as necessary to get the community back on the path to recovery. A summary of the information provided follows, and this information is included in its entirety in Addendum D: "Unmet Needs Identified by Local Areas."

- **Tuscaloosa County Commission** presented a preliminary project analysis citing unmet needs primarily revolving around the Holt Community Storm Recovery Project. This project is estimating some 25 homes for replacement at 50% homeowner funding, but further requiring necessary sewer and drainage improvements for a total project cost of \$9,300,000.
- The **DeKalb County Commission** states that, "The F5 tornado, along with the continuous pounding of trucks and equipment on County roads caused severe damage to County roads in the path of the tornado. The preliminary estimate for total damages for all of these roads is approximately \$4,568,912.64.
- **Franklin County** suffered destruction to homes, roads and the East Franklin Fire Department for total estimated damages of \$1,708,490.23.
- **Marion County**, following an extensive amount of essential demolition and debris removal, must repair roads. The estimated total cost is \$1,070,786.53.
- The **Town of Phil Campbell** suffered extensive damage to its sewer system and housing, along with significant damage throughout the entire Town. The Town continues to struggle using primarily volunteer

assistance to put the pieces back together. The estimate of projects needed in Phil Campbell is approximately \$2.5 million.

- According to FEMA Individual Assistance applications, in the **Town of Hackleburg** a total of 126 homes were completely destroyed and approximately 241 housing units were rendered unsafe after the April 27<sup>th</sup> tornado. Hackleburg must construct a sewer system in order to meet Alabama Department of Public Health regulations for reconstructing housing stock. This project is proposed to be completed with funding from CDBG leveraged with 50% EDA funds. Housing remains a major issue in Hackleburg and the Town is proposing, in addition to single-family housing, a senior housing complex and public housing rehabilitation. Estimated projects in Hackleburg exceed \$6 million. Additionally, Hackleburg lost the Wrangler Distribution Center to the tornado. Fortunately for the Town, Wrangler plans to rebuild a new plant that will have 200 employees, creating at least 50 new jobs. Alabama's CDBG program committed \$750,000 infrastructure assistance to facilitate this rebuild.
- The **Town of Ider** estimates a need of \$200,000 to repair 13 streets that sustained damage; \$45,000 to replace the generator at Town Hall which serves as the "northern" command center; and \$90,000 for a generator for the sewer plant. Although Ider recognizes that vehicles are not "infrastructure", they are relying on only one old police vehicle with four-wheel drive which is an "almost worn out Jeep." The Town desperately needs two four-wheel drive vehicles, one for police and one for maintenance, so that they can maintain their existing assets and care for their citizens in the event of future disasters.
- The **City of Haleyville** suffered road damage requiring repair at a total cost of \$368,156.00.
- Two tornadoes devastated the Central Business District (CBD) and residential areas of **City of Cordova** causing five fatalities. The City is now focused on re-establishing its CBD which is the heart of Cordova; rebuilding the grocery store; rebuilding both sides of Main Street; establishing recovery/capacity programs within the community; and improving key infrastructure elements that support community reconstruction. An estimate to repair damages has not yet been provided.
- After assistance by Federal and State government, the **Town of Sylvania** stated that they sustained losses of \$29,908.00. At this point it is not clear whether that was for demolition and debris removal or other damages.



- The **Town of Sipsey** reported 16 homes destroyed and 68 rendered unsafe. Many other dilapidated buildings pose a concern for Sipsey with a variety of health and safety problems, weakened neighborhoods and reduced property values. The Town adopted a Long-Term Community Recovery Action Strategy in November 2011 to address these issues, but no estimate of assistance required has been provided.
- The **Town of East Franklin** had 300 homes destroyed by the tornado. No cost estimate was included.
- The tornado cut a path 3 ½ miles long and ½ mile wide through the **Town of Pleasant Grove**. To determine how the Town should rebuild, they created and adopted the *LTCR Action Strategy for Pleasant Grove* in November of 2011. No cost estimates are yet available.
- The major problem remaining for the **City of Moulton** is the damaged fire station which has been deemed unsafe for occupation. Problems range from a faulty, water-damaged electrical system to leaks and burned-out heating and cooling equipment. The City's insurance did not cover replacement of the fire station because it was considered flood damage. No estimate to replace the facility has been provided.

Reports from local areas state that in some cases it was not the tornado itself that caused damages; rather the heavy machinery used for debris removal damaged streets and underground infrastructure. Also, secondary effects such as saturation and infiltration of contaminants had significant effects on wells and septic systems in some areas.

According to information provided by the University of Alabama, Center for Business and Economic Research (Addendum I), much infrastructure damage was done to schools and structures used for governmental services, such as fire and police stations, environmental services, and emergency management agencies. There was also damage to light poles and power delivery towers and lines; in particular, a number of large light poles along Interstates 20, 59, and 65 were reported down or severely damaged after the tornadoes. The U. S. Department of Transportation in January of 2012 announced that \$16.6 million dollars in federal money was being allocated to Alabama for repair of highways, bridges, and other infrastructure damaged by the April 27 tornadoes.

According to reports from FEMA and other sources, a total of 4 schools were destroyed; 4 other schools suffered major damage; and 7 additional schools had major roof damage. Alberta Elementary and University Place Elementary/Middle School in the City of Tuscaloosa; as well as Hackleburg Elementary and Hackleburg High School (Marion County) were destroyed. The schools with major damage were Holt Elementary (Tuscaloosa County), Phil Campbell High School (Franklin County), Plainview High School (DeKalb County) and East Elementary School (Cullman County). Schools with

major roof damage included one in the City of Jasper (Walker County) and six in St. Clair County.<sup>2</sup>

Only the repairs to Plainview School are nearing completion. It also appears that Phil Campbell High School is to be demolished and rebuilt. Bills brought before the Alabama legislative session recently would have provided about \$32.9 million to help rebuild schools with catastrophic damage from the April 27 tornadoes. This funding was intended to bridge the gap between the cost of rebuilding and funds available from FEMA, the Division of Risk Management, and other sources. The bills (HB68/SB394) died in committee. The bill specified the following allocation:

- DeKalb County Board of Education (Plainview School) \$3,837,857;
- Franklin County Board of Education (Phil Campbell High School) \$11,673,628;
- Marion County Board of Education (Hackleburg Elementary and High School) \$13,836,740;
- Tuscaloosa City Board of Education (Alberta Elementary and University Place Elementary/Middle School) \$2,440,607; and
- Tuscaloosa County Board of Education (Holt Elementary School) \$1,119,125.

Recent newspaper accounts suggest that it will be 18 to 24 months for the schools to be rebuilt. Only some demolition and site preparation is ongoing at this time.

A FEMA Situation Report in July 2011 listed five critical facilities that were destroyed or rendered unusable: Fire Station # 18 (Jefferson County), Kowaliga Fire Station # 2 (Elmore County), the Tuscaloosa County Emergency Management building, the Tuscaloosa Salvation Army building, and the Cullman County Courthouse. In addition, the Cullman Emergency Medical Services facility was listed as sustaining major damage. This list is not exhaustive, however, as Tuscaloosa had a police substation and fire station in the Alberta area rendered unusable.

The July FEMA report also notes that eight damaged critical facilities have already been completed, including Volunteer Fire Departments in Calhoun and Cullman Counties; three fire stations in Jefferson County; and a City Hall, Fire Department, and Police Department in Marion County.

## **2) a. Unmet Need - Infrastructure**

As can be seen from the July 2011 FEMA report cited above, significant damage occurred to schools and other facilities. However, Alabama schools have access to

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<sup>2</sup> Information obtained from Center for Business and Economic Research, The University of Alabama, email of May 18, 2012 and contained in Addendum I.

dedicated funding and bond issues and are expected to be repaired and replaced through existing funding and special funding measures through the Alabama Legislature. Likewise, most of the damaged critical facilities identified above have been or are in the process of being repaired or replaced.

Section VI.D (2) of the HUD Federal Register Notice of April 16, 2012, directs that "Typical infrastructure activities include the repair, replacement, or relocation of damaged public facilities". Our analysis and public comments received show that water, sewer, and roads, as well as select public facilities, should be an important focus of the disaster funding available to the State. Therefore, a preliminary target of 30% of available funding has been identified for infrastructure projects.

### **3) Economy**

*Unemployment* - The months following the tornado were marked by high unemployment in Alabama due to many businesses being severely damaged or totally demolished and having to shut down either temporarily or permanently. A comparison of total unemployment between March 2011 and March 2012, based on data developed by the Alabama Department of Industrial Relations, is provided at Addendum J. Initially, the 43 counties showed significant increases in the unemployment rate, but over time their unemployment rates decreased as Alabama's economy improved. As further documented in Addendum K, each county in the disaster area had double digit decreases in unemployment between March 2011 and March 2012.

Table 2 on the following page summarizes employment, unemployment, and unemployment rate trends for the "most impacted" counties (Tuscaloosa, Marion, Jefferson and/or DeKalb). Even in the most impacted counties, overall employment increased at close to or above Alabama's employment growth. Unemployment trends for the 43-county disaster area were similar to the trends in the State's unemployment. Employment in Tuscaloosa County, according to these figures, lagged behind the other most impacted counties, but it is important to note that their unemployment rate was one percentage point lower than the State's as a whole in March 2011, and was 0.6% lower than the State's average in March 2012.

These actual recovery figures are in line with a recent projection by the Center for Business and Economic Research (CBER) at the University of Alabama (included as Addendum B). According to this projection for the Alabama economy, in addition to reducing employment, the April 27, 2011 tornadoes "will initially reduce" (1) the Gross Domestic Product (GDP) by \$835 million to \$1.3 billion or 0.5% – 0.7%; (2) State tax collections by \$19.1 - \$44.5 million or 0.2% – 0.5% and (3) local sales tax receipts by \$4.4 - \$10.2 million in 2011. According to the CBER report, recovery activities (cleanup, assistance, and rebuilding) should pump \$2.6 billion into the State economy in 2011 and \$1.6 - \$3.2 billion in 2012; State spending of about \$80 - \$100 million for cleanup in 2011 was predicted. The federal government and insurance claims will fund most of the

recovery. Cleanup and assistance was mostly completed in 2011, but rebuilding will continue into 2012 and beyond.<sup>3</sup>

Table 2  
Comparison of Employment and Unemployment Trends  
for “Most Impacted” Counties

Statistical Comparison	DeKalb County	Jefferson County	Marion County	Tuscaloosa County	43 County Disaster Area	Statewide
<b>Employment</b>						
March 2011 Data	25,470	274,316	9,812	82,588	1,323,550	1,919,761
March 2012 Data	25,720	276,840	10,560	84,100	1,344,510	1,974,160
Difference 2011-2012	250	2,524	748	1,512	20,960	54,399
Percent Change	0.98%	0.92%	7.62%	1.83%	1.58%	2.83%
<b>Unemployment</b>						
March 2011 Data	3,241	26,918	1,339	7,526	132,375	198,113
March 2012 Data	2,511	20,500	1,014	5,992	102,443	156,175
Difference 2011-2012	(730)	(6,418)	(325)	(1,534)	(29,932)	(41,938)
Percent Change	-22.52%	-23.84%	-24.27%	-20.38%	-22.61%	-21.17%
<b>Unemployment Rate</b>						
March 2011 Data	11.2%	8.8%	11.4%	8.1%	10.0%	9.1%
March 2012 Data	8.9%	6.9%	8.8%	6.7%	7.6%	7.3%
Difference 2011-2012	-2.3%	-1.9%	-2.6%	-1.4%	-2.4%	-1.8%
Percent Change	-20.54%	-21.59%	-22.81%	-17.28%	-24.00%	-19.78%

Source: Alabama Department of Industrial Relations, Bureau of Labor Statistics.

***Insurance Claims*** - According to the Alabama Department of Insurance, the April 2011 tornadoes were the worst event in State history in terms of insured losses. The State of Alabama does not require insurance companies to report claims paid out by County; however, the Alabama Legislature in the most recent session passed a bill requiring that in two years insurance companies must report claims paid by zip code. Though not helpful at this time, that information will be invaluable in the event of future disasters.

The Insurance Information Institute based in New York said in April 2012 that nationally there was a total of \$7.3 billion in insurance payouts from the storms of April 22 – 28 of last year. Alabama had \$2.925 billion in insurance claim payouts – about 40% of all claims from the tornadoes. The Institute further stated that the tornadoes also accounted for the overwhelming majority – almost \$3 billion of \$3.2 billion – of the

<sup>3</sup> Preliminary Economic and Fiscal Impacts of the April 27, 2011 Tornadoes on Alabama, Center for Business and Economic Research, University of Alabama, June 2011.

money Alabama insurers paid out last year to their auto, home and business policyholders for catastrophe losses. According to the Institute, these natural disasters were not only the deadliest but also the costliest in terms of property damage and business interruption.

In its presentation "One Year Later: Update on Claim Payouts to Alabama Policyholders *Insurance and Economic Recovery in the Wake of the April 2011 Tornadoes*" the Insurance Information Institute illustrates the trend in catastrophe losses in Alabama from 1998 – 2011. It states that, "The number of catastrophe losses in Alabama is high relative to the size of the State's economy and population." That graphic is displayed on the following page. The Institute further states that, "Insured catastrophe losses to homes in Alabama are volatile and are trending upward." The average homeowner's catastrophe claim reached a new record of \$15,989 in 2011, more than double the average of \$6,069 (+163%) from 1998 to 2010 according to the Institute.

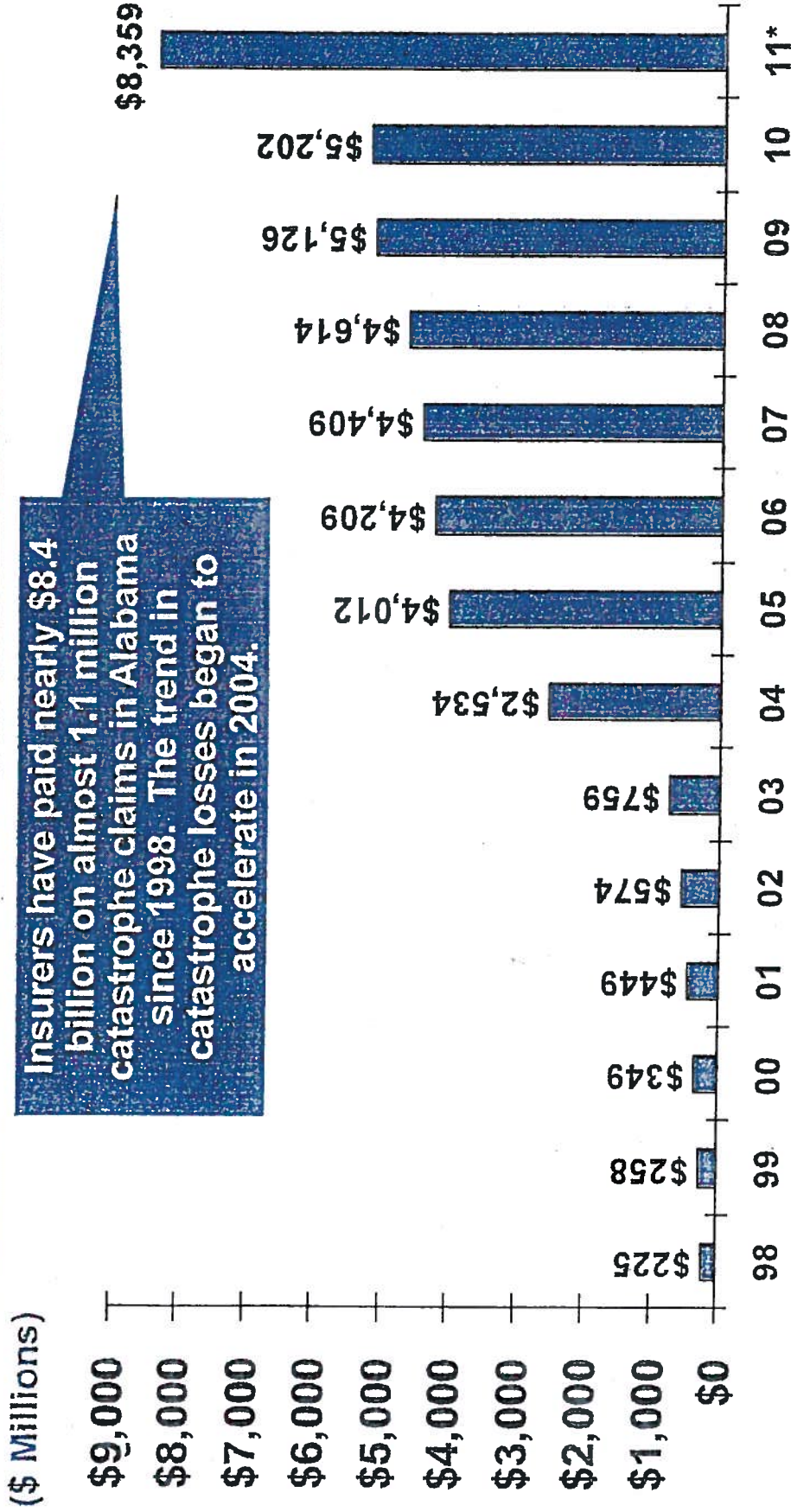
SBA Disaster Loans - Across the State of Alabama following the 2011 tornadoes the Small Business Administration issued 36,243 home loan applications. Of that number, SBA received 5,001 completed applications and approved 1,641 home loans for a total of \$81,511,900. SBA issued 9,465 business loan applications and received 1,152 completed applications. Of that number, 228 business loan applications were approved for a total of \$32,255,800. See Addendum K for detailed information by County for disaster loan statistics.

Appalachian Regional Commission - ARC projects approved after April 27, 2011 are illustrated in Table 3 on page 13.

Investment Activity - The HUD Table at Addendum F was a primary data source for analyzing business needs. This table provides an estimate of the number of homes and businesses with severe unmet need and the costs to address these needs (accurate as of December 2011). HUD estimated that 23 counties had unmet business needs in the amount of \$76,127,379. Of these 23 counties, 18 had less than 10 damaged businesses in the county and the actual number of businesses was omitted from the table. Five (5) counties, Tuscaloosa, Jefferson, Cullman, Marshall and DeKalb, had a total of 143 severely damaged businesses with unmet needs. These five (5) counties accounted for \$61,643,336 (81%) of the \$76,127,379 that HUD estimated for all affected counties.



# Cumulative Value of Catastrophe Losses Paid by Insurers in Alabama, 1998-2011\*



**Catastrophe Losses in Alabama Are High Relative to the Size of the State's Economy and Population**

\*Data are current through Dec. 7, 2011.  
Source: PCS unit of ISO; Insurance Information Institute calculations.

**Table 3****Projects Approved by Appalachian Regional Commission (ARC)  
After April 27, 2011**

<b>ARC Grant No.</b>	<b>Project Description</b>	<b>Amount</b>	<b>Approval Date</b>
AL-15874	Regional Planning Commission of Greater Birmingham RLF Recapitalization	\$200,000	1/17/2012
AL-16379	Alabama Literature Education and Teacher Training	\$200,000	1/24/2012
AL-16924	Alabama Access to Higher Education Center	\$119,871	5/2/2012
AL-17201	West Point Intermediate School Mobile Technology Lab	\$6,000	2/6/2012
AL-17203	Chief Ladiga Trail Corridor Planning	\$25,000	5/2/2012
AL-17206	Literacy Program for Clay, Jefferson & Hale Counties	\$220,000	2/6/2012
AL-17210	Project TEAM Integrating Technology Excellence into Academics	\$100,000	2/6/2012
AL-17213	ACT for Health promotion by Childcare providers	\$116,491	5/10/2012
AL-17220	Shoals Culinary Academy Food Occupational Opportunity Development	\$40,000	3/27/2012
AL-17225	Appalachian Regional Center for Entrepreneurship & Renewable Energy	\$30,000	2/23/2012
AL-17229	Plainview School Technology Equipment (DeKalb County)	\$112,945	3/2/2012
AL-17390	Guin Industrial Access Road	\$159,000	1/9/2012

Source: Email of 5-21-12, "Projects Funded", from Appalachian Regional Commission.

According to the Alabama Department of Commerce "New and Expanding Industry Announcements" (Table 4 on the following page), investment activity in 2009, 2010 and 2011 for disaster-affected counties was not significantly different before or after the tornadoes. Statewide investments in 2009 totaled \$2,784,359,558, decreased to \$2,175,179,750 in 2010, and increased to \$4,083,056,603 in 2011. The 23 counties with severe unmet business needs, as identified in the HUD Table previously referenced, accounted for 58% of new and expanding companies in 2009, 61% in 2010, and 60% in 2011. Investment dollars in the 23 counties with severe unmet needs represented 32% of statewide investments in 2009, 31% of statewide investments in 2010, and 49% of statewide investments in 2011. No drop in investment was observed.

CDBG Economic Development Funding - Table 5 on page 16 describes the fourteen (14) economic development projects funded with CDBG dollars after April 27, 2011. Twelve (12) of the fourteen (14) projects (\$4,104,196.00 of \$4,904,196.00) are located in the initial 43 counties. Ten (10) projects (an investment of \$3,254,196.00) are located in the 23 counties identified by HUD with severe business unmet needs.

### **3) a. Unmet Need - Economy**

Significant economic revitalization needs are undoubtedly present and are being addressed through a variety of funding sources. ADECA's analysis and public comments received show that economic revitalization projects should continue to be an important focus for CDBG and disaster funding available to the State. The PY2012 CDBG Action Plan sets aside \$3,406,937 for economic development projects (16% of the \$20,780,346 available to the State). A preliminary target of 20% of disaster funding has been identified for economic revitalization projects.



**Table 4**  
**Economic Investment**  
**2009 - 2011**

County	2009 Data Announcements		2010 Data Announcements		2011 Data Announcements	
	New/Expanding Companies	Total Investment	New/Expanding Companies	Total Investment	New/Expanding Companies	Total Investment
Autauga	1	\$ 40,000,000	2	\$12,500,000		
Bibb			1	\$300,000	2	\$ 600,000
Calhoun	4	\$ 5,500,000	7	\$12,627,000	6	\$ 2,275,000
Cherokee	2	\$ 9,420,307	1	\$16,000,000		
Colbert	6	\$ 15,016,000	8	\$34,982,495	10	\$ 157,718,000
Cullman	42	\$ 63,436,375	50	\$53,213,061	47	\$ 159,457,619
DeKalb	3	\$ 41,100,000	5	\$21,380,000	9	\$ 14,081,442
Fayette					2	\$ 600,000
Franklin	6	\$ 2,500,000				
Greene					2	\$ 6,000,000
Jackson	6	\$ 19,565,000	7	\$23,175,000	7	\$ 54,570,000
Jefferson	18	\$ 39,877,000	25	\$112,383,102	35	\$ 193,307,687
Lawrence			2	\$15,000,000		
Limestone	4	\$ 28,200,000	5	\$5,325,000	7	\$ 539,200,000
Madison	33	\$ 190,790,000	62	\$166,886,089	56	\$ 133,428,000
Marion			2	\$20,200,000	5	\$ 52,400,000
Marshall	5	\$ 3,550,000	4	\$4,620,000	6	\$ 1,550,000
Pickens			1	\$100,000	1	\$ 60,000,000
Shelby	6	\$ 29,000,000	7	\$13,580,000	6	\$ 1,275,000
St. Clair	4	\$ 69,800,000	2	\$5,000,000	5	\$ 14,550,000
Talladega	4	\$ 8,788,694	12	\$99,417,101	11	\$ 301,640,000
Tuscaloosa	7	\$ 317,616,500	5	\$45,267,161	10	\$ 324,050,000
Walker	1	\$ 3,000,000	5	\$20,700,000	4	\$ 1,450,000
Count: 23	152	\$ 887,159,876	213	\$ 682,656,009	231	\$ 2,018,152,748
Statewide	261	\$ 2,784,359,588	351	\$2,175,179,750	383	\$ 4,083,056,603
Affected Counties	58%	32%	61%	31%	60%	49%

Source: Alabama Department of Commerce, "New & Expanding Industries Announcements" for 2009, 2010, and 2011.

Table 5

**CDBG Economic Development Projects Funded After April 27, 2011**

Locality	County	CDBG Amount	Activity	Project No.	Date Received
Jackson	Clarke	\$350,000.00	Rail Spur for Set Enterprises	LR-ED-PF-10-021	3/19/11
Thomasville	Clarke	\$500,000.00	Rail Spur for Lakeside Steel (Thomasville Finishing Works)	LR-ED-PF-10-022	6/30/11
Troy	Pike	\$700,000.00	Sewer Improvements for Golden Nut Company, USA and KW Plastics, Recycling	LR-ED-PF-11-001	10/21/11
Hamilton	Marion	\$117,956.00	Water and Sewer for Country Place Assisted Living of Hamilton, LLC	LR-ED-PF-11-002	11/10/11
Hackleburg	Marion	\$750,000.00	Infrastructure for V.F. Jeanswear Limited Partnership	SM-ED-PF-11-003	11/10/11
Winfield	Marion	\$191,240.00	Tahoe Road-Widen and Resurface for Country Place Living	LR-ED-PF-11-004	11/10/11
Stevenson	Jackson	\$150,000.00	Water Extension for Magnolia Investments of Alabama, Brown-Foreman Cooperage	SM-ED-PF-11-005	12/12/11
Jasper	Walker	\$300,000.00	Road Improvements for Love's Travel Stop and Country Stores, Inc.	LR-ED-PF-11-006	11/30/11
Fayette	Fayette	\$115,000.00	Sewer Extension for Country Place Living	LR-ED-PF-11-007	12/1/11
Elkmont	Limestone	\$250,000.00	Fire Protection, Water, Infrastructure for Electrifiil Corporation (Automotive)	SM-ED-PF-11-008	9/21/11
Dora	Walker	\$195,000.00	Access Road, Drainage Improvements for Piggly-Wiggly Grocery Store and Atlantic Sushi and Grill Buffet Restaurant	SM-ED-PF-11-009	12/8/11
Abbeville	Henry	\$100,000.00	Sewer Extension for American Machine and Manufacturing, Inc.	SM-ED-PF-11-011	12/20/11
Arab	Marshall	\$135,000.00	Roads (Hwy 69) for Country Place Living	SM-ED-PF-11-012	1/13/12
Hackleburg	Marion	\$1,050,000.00	Float Loan for Valley Lumber Company, Inc.	SM-ED-FL-11-001	2/21/12
<b>Total Investment Statewide</b>		<b>\$4,904,196.00</b>			
<b>Investment in Disaster Areas</b>		<b>\$4,104,196.00</b>			

Source: Community Development Block Grant files, Alabama Department of Economic and Community Affairs (ADECA)

## HUD FUNDING TO THE STATE OF ALABAMA

The entire State of Alabama received a Presidential disaster declaration due to the April 2011 tornadoes. Based on a review of the impacts and estimates of unmet needs from these Presidentially-declared disasters, the United States Department of Housing and Urban Development (HUD) under the provisions of Section 239 of the Department of Housing and Urban Development Appropriations Act, 2012 (Pub. L. 112-55, approved November 18, 2011) allocated funds to the State of Alabama as shown in Table 6 below.

Table 6

### HUD Funding Allocations to the State of Alabama For Presidentially-Declared Disasters of April 2011

FEMA Disaster Number	Grantee	Allocation	Minimum amount that must be expended in the "most impacted" counties identified
1971	State of Alabama	\$ 24,697,966	(\$13,584,750) Tuscaloosa, Marion, Jefferson and/or DeKalb
1971	City of Tuscaloosa	16,634,702	All funds must be spent within jurisdiction
1971	Jefferson County	7,847,084	All funds must be spent within jurisdiction
1971	City of Birmingham	6,386,326	All funds must be spent within jurisdiction

Source: Section 239 of the Department of Housing & Urban Development Appropriations Act, 2012 (Pub. L. 112-55, approved November 18, 2011)

At least 80% of the entire allocation for Alabama (\$55,566,078) must be expended in Tuscaloosa, Jefferson, Marion and/or DeKalb Counties. The Alabama Department of Economic and Community Affairs will be responsible for the planning and implementation oversight of the State's direct allocation of \$24,697,966, of which at least \$13,584,750 will be expended in the "most impacted"<sup>4</sup> counties (Tuscaloosa,

<sup>4</sup> "Most impacted" counties are defined by HUD as those counties that have more than \$10 million in estimated unmet severe housing and business needs.

Marion, Jefferson and/or DeKalb). The balance will be expended in areas within the Presidentially-declared disaster areas eligible for both FEMA Individual and Public Assistance.<sup>5</sup>

The Federal Register published Docket No. FR-5628-N-01, "Allocations, Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees Under the Department of Housing and Urban Development Appropriations Act, 2012" effective April 23, 2012 which will govern the disposition of funds. The disaster assistance grant will be administered in accordance with the Federal Register notice and Public Law 112-55 as well as other applicable State and Federal regulations. All funds will be utilized for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas resulting from the April 2011 tornadoes. The State's method of distribution will be guided by the needs assessment discussed earlier.

No funds will be expended solely to prepare for and/or mitigate the effects of a future disaster without any tie to rebuilding from the previous disaster. As stated by the Center for Business and Economic Research, overcoming the negative effects of the tornadoes of April 2011 "will require going beyond rebuilding to reinventing and reinvesting." The State goal is to work together to rebuild and improve Alabama's communities today while planning and providing for a better life tomorrow.

### **National Objective**

The law requires that funds be used only for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas resulting from the April 2011 tornadoes. The method of distribution of funds to local governments or programs/activities will result in long-term recovery from specific impacts of the disaster.

In addition, according to the Housing and Community Development Act of 1974, as amended, the proposed activities must meet at least one of the following national objectives:

1. Benefit at least 51% low- and moderate-income persons;
2. Aid in the prevention or elimination of slum and blight; or
3. Meet other urgent community development needs posing a serious and immediate threat to the health or welfare of the community, where other financial resources are not available.

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<sup>5</sup> Individual assistance is available when damage to homes is particularly severe and includes temporary housing assistance and repair, replacement, or construction of permanent housing units, recovery grants, emergency housing vouchers, etc., from FEMA, as well as low-interest loans from the Small Business Administration (SBA). Public assistance addresses damage in state, local, tribal, and some private non-profit community facilities.

In any case, the State is mandated to use at least 50% of the State allocation to benefit low- and moderate-income persons. Therefore, to ensure compliance with this requirement, it may become necessary for the State to prioritize projects resulting in benefit to 50% low- and moderate-income persons gaining priority over projects qualified under clearance of slum and blight or urgent need.

When funding decisions are made, if any of the projects are funded using the urgent need national objective the grantee will reference the type, scale and location of the disaster-related impacts that each program and/or activity is addressing.

### **Thresholds**

Thresholds related to other CDBG programs and not mandated by law or regulation will not apply to local governments or Indian tribes seeking disaster recovery funds. The following thresholds will be applicable to jurisdictions applying for these funds:

1. There must be a clear and compelling need related directly to post-tornado necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas resulting from the April 2011 tornadoes.
2. No disaster recovery assistance will be considered with respect to any part of a disaster loss that is reimbursable by the Federal Emergency Management Administration (FEMA), Small Business Administration (SBA), the Army Corps of Engineers, insurance, or other sources (restriction against duplication of benefits).
3. An activity underway prior to a Presidential disaster declaration will not qualify unless the disaster directly impacted the project.

### **Eligible Activities**

Eligible activities under the State CDBG Disaster Program are all activities listed as eligible under the Housing and Community Development Act of 1974, as amended, including all activities which the State applies for and receives a waiver from HUD.

### **Criteria for Eligibility**

The State of Alabama's allocation of infrastructure and public facilities, economic revitalization and multi-family rental housing funds will be provided through competitive processes as described later in this Action Plan. These processes are designed to ensure priority for assistance within the impacted geographical areas of the State in compliance with Congressional and HUD intent. This Action Plan for Disaster

Recovery provides for the distribution of disaster funds quickly and effectively while conforming to statutory requirements.

Based on the needs analysis presented earlier, the State has selected a list of counties with the most unmet need in each category, i.e., housing (single- and multi-family), economic revitalization, and infrastructure including public facilities. The Cities of Tuscaloosa and Birmingham, as well as Jefferson County, have received direct HUD allocations due to large unmet need; however, they will also qualify to participate in the housing and economic revitalization funding from the State but not infrastructure assistance, unless directly related to an economic development project. The eligible cities and counties may apply to ADECA to compete for multi-family housing, economic revitalization and infrastructure projects. The activities designed to repair and replace damaged or destroyed single-family owner-occupied housing will be carried out by the State through grants and contracts for specific items.

### **Promotion of Short-Term and Long-Term Recovery Planning**

The jurisdictions affected by last year's tornadoes have intense short- and long-term recovery needs in the areas of unmet housing, infrastructure and economic revitalization. According to FEMA Public Assistance Summary (S.5) as of May 1, 2012, FEMA has committed \$190,586,103 in Public Assistance to the disaster recovery efforts, requiring State and local governments to provide \$55,356,375 in matching funds. A contribution of this amount from the State of Alabama and its local governments has been devastating during these daunting economic times when funds are being cut in an effort to balance budgets. Information provided at Addendum E reports FEMA individual and household assistance as of May 31, 2012 and provides FEMA estimated unmet needs in the 43 most impacted counties in Alabama as \$136,964,850.52.

In an effort to determine short-term and long-term needs, ADECA solicited feedback from local governments, individuals and groups through meetings held across the affected area. In addition, cooperation and comments were solicited from Regional Planning Commissions, Community Action Agencies and others who worked through their network and local government contacts and provided information, suggestions and comments. All feedback was considered during the preparation of this Action Plan.

Immediately after the storm the Governor's Office established a Long-Term Recovery Team to meet with local public and private officials in major disaster areas and assist in developing a long-term recovery strategy. Coordination at the local, regional and state levels is at the core of this effort, and local committees have been appointed. A map depicting "Alabama Long Term Recovery Committees" is included in Addendum A of this document. The objective of these committees is to conduct damage assessments; review local hazard mitigation plans; prioritize revitalization strategies; create mitigation strategies; encourage revitalization of disaster-resistant communities and infrastructure; and strengthen the capacity to support business and economic stability.

The State's disaster funding process will encourage short-term planning on the part of grantees by requiring the submission of applications for projects to restore basic infrastructure in the affected areas. One of the requirements of these applications will be a detailed assessment explaining the long-term residual needs to be addressed with the funds and how the applicant will conform to land use decisions that reflect responsible flood-plain management, removal of barriers to construction, and prior coordination with the planning requirements of other State and Federal programs and entities.

The ultimate recovery goal is to promote and accommodate efficient and environmentally-friendly growth and revitalization, taking into account unique local characteristics such as exposure to storms and flooding. In that regard the State recognizes and respects the need for flood-plain management and construction techniques to effectively mitigate damage from flooding and storms. While the ultimate outcome cannot be predicted in terms of necessary legislation to foster mitigation and sound revitalization, the use of disaster recovery funds will communicate the necessary safeguards and restrictions to ensure that FEMA flood-plain management techniques are adhered to and that construction methods emphasize high quality, durability, energy efficiency, sustainability, and mold resistance.

Great strides have been made in long-term planning since the 2011 tornadoes, and long-term planning will remain an on-going process as disaster recovery needs continue to evolve over time while the full impact of the disaster is being realized. Not all problems can be solved through CDBG disaster funds, but funds must be leveraged with funding provided by other federal, state, local, private and non-profit sources to generate a more effective and comprehensive recovery. Other activities must continually be undertaken to assist in the alleviation of unmet housing, infrastructure and economic revitalization needs.

Although long-term planning has truly been enhanced by the many lessons learned over the last year in Alabama, the remaining unmet needs in the State continue to be overwhelming. The State is committed to returning stronger and better through lessons learned and the outpouring of generosity from Alabama citizens, all branches of government, and volunteers from charitable and religious groups across the nation. Long-term planning will remain an essential part of fulfilling unmet needs and pursuing sound, sustainable post-disaster improvements with coordination at all levels.

### **Method of Fund Distribution**

The State will invite infrastructure and public facilities, economic revitalization, and multi-family rental housing applications from eligible jurisdictions and Indian tribes (without regard to their status under any other CDBG program) and review applications for documented need in relation to compliance with the requirements of Public Law 112-55 and the Housing and Community Development Act, subject to approved HUD

waivers. The State will carry out the activities, through specific contracts, to repair and replace single-family owner-occupied housing in qualifying areas.

In addition, all applicants will be asked to provide a detailed analysis of the community's short-term and long-term recovery plans for restoring and rebuilding housing and infrastructure. This will include plans for responsible flood-plain management, removal of regulatory barriers to reconstruction and adoption, and enforcement of modern building codes to produce high-quality, durable, energy-efficient, and mold-resistant housing.

The short-term and long-term recovery plans will also include an analysis of post-tornado housing needs for all income groups that lived in the disaster-impacted areas as well as a description of the activities the community plans to undertake to address these needs. This will include transitional housing needs of homeless individuals and families (including subpopulations), prevention of low-income individuals and families with children (especially those with incomes below 30 percent of the area median) from becoming homeless, and the special needs of persons who are not homeless but require supportive housing (e.g. elderly, persons with disabilities, persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, and public housing residents, as identified in 24 CFR 91.315(e) or 91.215(e) as applicable.) The specific information gathered through the in-take process will influence the States' distribution of funds to vulnerable groups to repair and replace damaged or destroyed single-family housing.

Applicants whose infrastructure and public facilities, economic revitalization, and multi-family housing activities meet the statutory requirements and who have developed plans to address short-term and long-term recovery needs will be generally evaluated based on the following criteria.

Extent of Damage – This will be a qualitative and quantitative assessment of damage to the community's infrastructure, housing and economic base, and the effect this damage had on the lives of local residents.

Unmet Need – This criterion will assess recovery needs that remain after taking into account the extent of damage experienced by the community and the activities completed and/or underway toward bringing normalcy to everyday life in the community.

Cost Reasonableness – The limited funding resources require special attention to achieving the most benefits for available dollars. This criterion will allow the State to ensure the applicant has considered the most economic options to address specific needs, to the extent long-term sustainability is not compromised. This factor will consider all funding sources involved to address specific needs with the intent to bring cost efficiencies to projects and prevent duplication of assistance and instances of fraud and abuse.



Project Impact – This category will allow the State to judge the qualitative and quantitative impact proposed activities will have toward meeting disaster recovery and restoration needs now and addressing mitigation against damage and destruction from future disasters. The proposed activities should employ smart growth techniques and incorporate durable, storm-proof, energy-efficient construction.

Local Efforts/Capacity – This category will allow the State to recognize and reward communities for local efforts including cash, in-kind work, donations, or other inputs already contributed or proposed toward addressing disaster-related needs. The State will also take into consideration local capacity to carry out the proposed activities expeditiously and in compliance with applicable rules. Clearly, small rural communities lack resources and capacity but their abilities and willingness to recruit or acquire such capacities serve as a substitute.

Using this method of distribution, a determination can be made among all funding categories as to which projects will result in eligible uses of grant funds related to short-term and long-term recovery from the specific effects of the disaster. ADECA considers extent of damage, unmet need, and project impact to be of great importance in maximizing benefits from recovery dollars.

Although fund distribution will be driven largely by staff evaluation generally using the above criteria, it may become necessary to exercise some discretion in selecting projects for awards. A level of discretion is required in order to fulfill the Congressional intent for funds to be utilized for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas resulting from the April 2011 tornadoes. Also, ADECA must ensure that at least 80% of the total State allocation is distributed to the four most impacted counties.

## **ACTION PLAN FOR DISASTER RECOVERY**

This Action Plan outlines the projected use of all funds based on the Needs Assessment and estimate of unmet needs; evaluates the core aspects of recovery; and ensures the greatest effort to avoid any duplication of benefit. It further promotes sound, sustainable long-term recovery planning; encourages coordination with other agencies in planning and leveraging funds; and encourages construction methods that emphasize high quality, durability, energy efficiency, sustainability, and mold resistance. It encourages provision of adequate, flood-resistant housing; attempts to minimize displacement; establishes procedures for monitoring to avoid or mitigate occurrences of fraud, abuse and mismanagement; and includes a performance schedule.

The opportunity for public review and comment is detailed within the Action Plan, and provisions are made for a substantial amendment if required. This document and the Addendum to the State's Action Plan for the CDBG disaster funding are posted at:

<http://adeca.alabama.gov/C8/FY2005%20Application%20Manual/default.aspx>

A summary of comments and responses from the public review are included in Addendum C of this Action Plan. All suggestions and comments received were considered prior to submitting the plan to HUD.

A budget is included which will guide ADECA's distribution of the initial allocation of \$24,697,966 toward meeting unmet needs in counties designated as Presidential Disaster Areas during 2011. These areas of need consist of housing, infrastructure (including public facilities) and economic revitalization. The budget also incorporates administrative cost of 5% which includes reimbursement to the State for allowable costs incurred on or after the incident date of the disaster per provisions of 24 CFR 570.489(b).

It is unlikely that any program income will be generated by this program. If there should be any program income, the State and its recipients will follow the prevailing HUD rule.

### **Projected Use of Funds**

- \$24,697,966 - Direct allocation to the State of Alabama
- \$ 1,234,898 - Project Administration (including Pre-agreement Costs)
- \$23,463,068 - Total available for distribution
- \$11,731,534 - 50% of total available for distribution in the 30 counties with the greatest unmet housing needs for owner-occupied units (based on unmet needs of  $\geq$ \$100,000) including direct HUD award recipients; and unmet housing needs for renter-occupied units by county in the 16 counties with the greatest unmet needs (based on unmet needs of  $\geq$  \$100,000) including direct HUD award recipients
- \$ 4,692,613 - 20% of total available for distribution for economic revitalization in the 22 counties with severe unmet business needs (based on unmet needs of  $\geq$ \$100,000) including direct HUD award recipients
- \$ 7,038,921 - 30% of total available for distribution for infrastructure and public facilities in the 29 most affected counties based on Red Cross information for dwellings destroyed or suffering major damage ( $\geq$ 37 units) excluding direct HUD award recipients

## **Housing**

A total of \$11,731,534, or 50% of HUD-allocated funds to the State available for grant activities after administration, has been set-aside to address unmet housing needs. Addressing unmet housing needs will be critical to the full recovery of disaster-torn communities. Significant housing recovery is underway and will continue as a result of insurance payouts; FEMA and SBA assistance; volunteer work by Catholic Social Services, Mennonites, Habitat for Humanity and others; HUD Public Housing; USDA assistance; as well as resources and sweat equity of individual homeowners, neighbors and family members. However, a segment of the population (especially the ones without private insurance and those with limited incomes) will need assistance to recover from the effects of the tornadoes. The housing recovery of these families is closely tied to the long-term recovery of disaster-affected communities.

The amount of funds available for housing recovery is limited considering the large path of destruction left by the tornadoes. All 67 counties in Alabama are Presidentially-declared disaster areas, and of these, 43 qualified for both individual and public assistance. A great need exists within individual owner-occupied, single-family units as well as renter-occupied, single-family and multi-family units. In addition, there are significant capacity issues that limit distribution of limited housing resources to the largest number of families in the largest number of communities in a most effective and efficient manner. These challenges have resulted in ADECA designing a program that limits participation as well as available funding amounts.

Due primarily to local capacity issues of affected communities, ADECA will undertake the administration of the single-family, owner-occupied housing program outside the normal competitive process. Based on its previous disaster housing experience, ADECA recognizes that the intake process is extremely critical and must be conducted in a fair and timely manner. Therefore, to assist with this process ADECA has identified three experienced agencies currently under contract with FEMA through the Governor's Office of Faith and Community-Based Initiatives. They are the Community Action Partnership of North Alabama; Community Service Programs of West Alabama, Inc.; and the Alabama Rural Coalition for the Homeless.

It is ADECA's intention to enter into a grant agreement with the aforementioned agencies to provide intake services in the 30 counties listed further below. ADECA recognizes, however, that even with the best intentions this intake arrangement may not prove satisfactory in all cases. In that event, ADECA may either consider other intake options or accept applications for single-family housing directly from eligible communities.

Through the intake process, the partner agencies will identify households needing assistance for home repair or replacement. They will determine eligibility of households based on verification of income; employment; home ownership; number of dependents; verification of disability if applicable; as well as other potential criteria.

The partnering agencies will also determine eligibility of housing units based on location; condition of house; verifiable storm damage; work already completed; and other factors. The eligible individuals and homeowners will be scored based on several factors including age of head of household; documentation of disability of head of household (if applicable); number of dependents; household income; critical level of damage; use of additional resources; and other issues that may be identified. Through the intake process, the partnering agencies will verify insurance payouts and other assistance received by households from FEMA, SBA, and others to guard against duplication of benefits.

Each agency will establish a housing committee with potential members from the Long Term Recovery Committees, volunteer organizations, fair housing and housing coalitions, and other interested and relevant groups and organizations. All housing cases to be considered will be reviewed by the housing committees for unmet needs, hardship, eligibility, feasibility and other factors. ADECA will then be provided with a final list of qualified households along with the eligibility score and individual file of each. ADECA will validate each file and score for consistency and compliance and then prepare a list of individuals and families for assistance based on the final score.

The second phase of the process will consist of actual repair or replacement of housing units. ADECA will accomplish this by either individual unit or by bundling several units and contracting with agencies, firms, local units of government and other entities with capacity to carry out repair or replacement work. This process is not expected to be easy, but is necessary to ensure fairness in effectively carrying out the program.

Single-family housing grants will not exceed \$25,000 per household, pending extenuating circumstances which could warrant a waiver of that ceiling by ADECA. In setting the \$25,000 limit, the State took into consideration that 2011 homeowners' catastrophe insurance claims averaged \$15,989 based on the Insurance Information Institute's documentation previously referenced. The \$25,000 limit is expected to encourage leveraging of funds. In order to complete their recovery, grant recipients will be required to access FEMA, SBA, bank loans, non-profit assistance, personal finances, and other financing mechanisms as the first line of assistance.

Policies and Procedures for the single-family housing program will be established and will contain, at a minimum, selection criteria including a priority mechanism for determining applicants to be served; waiver provisions relating to program standards; and grievance procedures. The policies will ensure that all CDBG-funded work will meet the State of Alabama's adopted Building Codes to produce high-quality, durable, energy-efficient, and mold-resistant housing. Any injection of Federal funds totaling more than \$25,000 for hard costs of single-family housing rehabilitation will trigger lead abatement in housing built prior to 1978. In all such cases, ADECA will ensure compliance with the HUD lead rule.

Of the 43 counties that qualified for FEMA individual and public assistance, the State has narrowed the list to 30 counties that qualify to receive assistance for single-family,

owner-occupied units. These counties have the highest unmet need of single-family, owner-occupied units based on the Alabama Housing Needs Assessment, October 18, 2011, prepared by the U. S. Department of Housing and Urban Development under FEMA Mission Assignment 1971-DR-AL-DHUD-02. The list of 30 counties is as follows:

Jefferson, Cullman, DeKalb, Tuscaloosa, Marshall, Jackson, Madison, St. Clair, Lawrence, Walker, Calhoun, Blount, Limestone, Marengo, Choctaw, Elmore, Clarke, Marion, Hale, Autauga, Etowah, Greene, Perry, Colbert, Sumter, Talladega, Pickens, Cherokee, Franklin and Shelby.

The Housing Needs Assessment prepared by HUD identified significant unmet need for rental housing resulting from the storms. Therefore, it is ADECA's intention to address need for unmet rental units simultaneously as it addresses need for single-family, owner-occupied units. The \$11,731,534 set-aside for housing will also be available to address unmet need for rental housing. No specific balances are set for each housing-type, i.e., single-family, owner-occupied housing or rental housing; instead, the State will use requests submitted for each housing type to seek the appropriate balance.

Unlike the single-family, owner-occupied housing program administered by the State, the eligible cities and counties may apply to ADECA to address the need for rental housing. To ensure the efficient and effective use of CDBG funds, and to ensure long-term maintenance, ADECA will limit rental housing projects to multi-unit projects of at least ten units; each project is to be comprised of one or more buildings with each building to contain no less than four housing units under a single roof. ADECA may vary from this requirement when a specific situation warrants such deviation. The project may be owned by private developers, public housing authorities, non-profit agencies or others; however, the applications in all cases must be received from eligible cities and counties. Single-family rental housing will not qualify to participate in the program.

Multi-family rental housing grants will be capped at \$15,000 per housing unit. ADECA may approve a waiver of that ceiling in the event of extenuating circumstances that hinder recovery efforts. The funds can be used to repair or replace rental housing lost due to storms. The multi-family projects, same as single-family, must exhaust all funding sources including insurance, FEMA, SBA, and others. The funding decisions for multi-family housing projects will be made based on criteria that will include the extent of damage in the community, severity of unmet needs, importance of activities to address recovery needs, expected long-term impact, rent, leveraging of other resources, financial feasibility, and specific capacities.

Using data from the Housing Needs Assessment prepared by HUD, ADECA has identified 16 counties with the most unmet need for rental housing. Multi-family rental housing applications will be limited to those 16 qualifying counties (including incorporated cities and towns in these counties) which are listed below:

Tuscaloosa, Marion, Jefferson, DeKalb, Franklin, Walker, Marshall, Calhoun, Limestone, Lawrence, Elmore, Winston, Cullman, Jackson, Tallapoosa and Sumter.

### **Economic Revitalization**

Of the State allocation, \$4,692,613 (20%) after administration is set-aside for economic revitalization. Economic activity will be the engine that assures the success of all recovery efforts in the disaster counties. Economic projects are those that affect the employment and tax base of the community, e.g., a grocery store, a pharmacy, or small or large manufacturing operations.

Based on the HUD assessment of severe unmet business needs as included in the "Alabama Housing Needs Assessment", ADECA used a threshold of \$100,000 or more to identify counties that qualify to apply for economic revitalization assistance. The economic revitalization dollars will be distributed competitively to projects within the following 22 counties (including incorporated cities and towns therein):

Tuscaloosa, Jefferson, Marion, DeKalb, Marshall, Cullman, Franklin, Calhoun, Walker, Lawrence, Jackson, Limestone, St. Clair, Madison, Fayette, Autauga, Cherokee, Greene, Bibb, Talladega, Pickens, and Shelby.

Eligible cities and counties can apply to ADECA for a grant to extend infrastructure facilities such as water, sewer and roads to projects that qualify as economic revitalization based on job creation (or retention); creating tax base; and offering essential services to the residents of the community. The applicant can also use funds for land acquisition, site preparation and other purposes to entice a business to locate in the community. In such cases, the community can sign a long-term lease with the business. Businesses can invest private funds for purchase of land and construction of buildings, purchase and installation of equipment, and operating capital. In order to qualify, the applicant must identify and have firm commitment from the business for locating in the community and creating the jobs within a specified period of time.

A project grant ceiling of \$250,000 will apply; however, a waiver may be granted by ADECA in the event of a project with more significant impact. ADECA will review economic revitalization grant applications for conformance with applicable rules. Funding decisions will be based on the importance of proposed activities; number and certainty of jobs; private investment; importance of business services to the residents of the community; and other unique attributes of the project.

Eligible cities and counties can also apply for a grant of up to a maximum of \$500,000 to establish an economic revitalization program to assist businesses impacted by the April 2011 storms. The local assistance can be in the form of a grant, low-interest or forgivable loan, or any other form of assistance to a business that will facilitate

economic revitalization efforts. A 24-month deadline will apply on the use or obligation of initial grant funds, at which time any unexpended or unobligated funds will be recaptured by the State, pending justifiable reasons for not doing so.

In order to qualify, the applicant must show the need to establish such a program and demonstrate credible records of capacity to underwrite, manage and service loans; meet HUD program income requirements; and have an overall understanding of the economic revitalization process. Each such loan or other form of assistance must not exceed \$50,000, except in case of a significant project impact wherein a waiver from ADECA must be secured before such assistance is provided.

### **Infrastructure including Public Facilities**

Based on the needs assessment discussed earlier in the Action Plan, 30% (\$7,409,390) of the State's allocation after administration is set aside for infrastructure activities to assist communities in addressing their recovery needs. In many communities, infrastructure suffered severe damage not only due to storms but also as a result of heavy equipment involved with the debris clean-up. Housing reconstruction in several communities will not happen without the provision of adequate infrastructure. In some cases, facilities such as public sewer did not exist, but now must be built for housing to be rebuilt. Without CDBG Disaster Assistance, infrastructure needs, and therefore housing, would go unaddressed in many areas which are now in desperate need.

Eligible cities and counties can apply for infrastructure projects that allow for affected communities to rebuild better and stronger due to the provision of adequate water, sewer, streets and other eligible infrastructure activities, along with necessary fire or police stations, libraries, or other eligible public facilities that were storm damaged and are needed for the safety and betterment of communities. The application may contain single or multiple activities necessary for full community recovery. Infrastructure funds will be distributed on a competitive basis to projects from eligible communities.

Based on the unmet infrastructure needs assessment earlier in the plan, infrastructure recovery needs vary greatly among communities and costs will vary from small to large sums of money. Therefore, any attempt to establish a grant ceiling will have an unintended consequence of forcing extremely needy communities to cut their requests while less needy communities may potentially request a higher grant amount. Hence, no grant ceiling for each community is established; instead the State will exercise discretion to fund only select activities, or even portions of funding requests for individual activities. A community's desire to seek funds for inconsequential activities is likely to have an adverse effect on the community's fundability.

The State will review infrastructure grant applications for conformance with applicable rules, and funding decisions will be made based on criteria that will include the extent of damage in the community due to April 2011 storms; severity of unmet needs; importance of activities to address recovery needs; cost reasonableness; expected

long-term impact of proposed activities; leveraging of other resources; local efforts; and local capacities.

Due to limited funds available to address unmet infrastructure needs, ADECA will restrict the number of counties eligible to apply for infrastructure projects to those with the greatest needs. Red Cross information regarding level of damage to dwellings based on those destroyed or suffering major damage was used by ADECA to compile the list of 29 eligible counties. This will narrow the competition to the neediest communities and prevent others from spending unnecessary time and effort in the application process. The list of eligible counties is as follows:

Bibb, Blount, Calhoun, Cherokee, Choctaw, Colbert, Cullman, DeKalb, Elmore, Etowah, Fayette, Franklin, Hale, Jackson, Jefferson, Lawrence, Limestone, Madison, Marengo, Marion, Marshall, Monroe, Morgan, St. Clair, Sumter, Tallapoosa, Tuscaloosa, Walker and Winston.

### **Leveraging of Additional Resources**

In order to generate a more effective and comprehensive revitalization, disaster recovery funds will be used to fill unmet needs remaining after funds from FEMA, SBA, insurance, private donations and other sources have been exhausted. Throughout this project ADECA will leverage CDBG disaster recovery funds with funding, goods and services provided by other federal, state, local, private and non-profit sources. ADECA will also encourage communities and individuals to leverage funds, and efforts made to leverage other resources will be among the criteria used when considering grant applications for funding.

Additional opportunities to partner with other funding sources will continually be sought as Alabama perseveres with its recovery efforts. In addition to the sources cited above, other sources may include (but are not limited to) Economic Development Administration, Habitat for Humanity, Community Action Agencies, Regional Planning Commissions, Salvation Army, Red Cross, Catholic Social Services, local fund raisers, etc.

### **Duplication of Benefits**

CDBG disaster recovery funds will not be used for activities for which funds have been provided (or will be provided) from FEMA; the Small Business Administration; other local, state, or federal programs; insurance; or recovery support from private charity organizations. However, CDBG funds may be used to provide assistance to the extent that a disaster recovery need has not been met by other sources.

In assuring that CDBG disaster recovery funds are used to meet needs that are not addressed by other sources of funds, applicants for assistance will be required to



disclose all sources of assistance received or to be received. Each recipient of assistance will be required to sign a subrogation agreement.

### **Minimizing Displacement from Use of CDBG Funds**

The Housing and Community Development Act requires that the State furnish citizens with its "plans for minimizing displacement of persons as a result of activities assisted with such funds and to assist persons actually displaced."

1. **Minimizing Displacement:** The State will discourage applicants from designing programs that involve extensive displacement. Applicants should displace persons and businesses only when there is no reasonable alternative to accomplishing the purposes of their program.
2. **Persons Actually Displaced:** Applicants must plan for the probability of displacement in program design by requesting sufficient funds to accommodate the costs of displacement. Grantees will provide from CDBG disaster funds, or their own resources, for reasonable costs associated with any displacement necessary to carry out the purposes of the grantee's program. In all cases, the grantee will follow the Uniform Relocation Act.

### **Monitoring Procedures**

The State Tornado Disaster Recovery Funds will be administered by the Alabama Department of Economic and Community Affairs (ADECA). ADECA has successfully administered Alabama's Community Development Block Grant program since its inception in 1982, including previous disaster grants. The ADECA CDBG staff will oversee all activities and expenditure of funds to ensure full accountability, and staff will independently report to the Director of ADECA. ADECA's Management and Implementation Manual for its regular CDBG program will be used throughout the implementation process and the existing monitoring procedure, to the extent appropriate, will be utilized. Copies of the current compliance monitoring checklists may be found on the ADECA webpage under Current Forms and Sample Documents at the following location:

<http://adeca.alabama.gov/C10/FORMS%20and%20sample%20documents/default.aspx>

Sufficient monitoring standards and procedures are in place to ensure that program requirements including non-duplication of benefits are met, and to provide for continual quality assurance, investigation and internal audit functions. In addition the CDBG staff will remain adaptable to potential changes in its monitoring procedures, if necessary, due to the types of activities and their resulting implementation procedure.

## **Mitigation against Fraud, Abuse and Mismanagement**

In order to avoid or mitigate occurrences of fraud, abuse, and mismanagement, especially with respect to accounting, procurement, and accountability, ADECA will rely on its experience complying with the regulations of the U.S. Departments of HUD, Justice, Labor, HHS, and others based on a yearly budget of approximately \$150,000,000. ADECA does not directly handle any of the funds related to this program; rather, all funds are received by Alabama's Finance Department and all payments are made through the Comptroller's office.

Within ADECA there is a separate Audit Section, a Legal Office, and an Administrative Section all providing necessary checks and balances to mitigate fraud, abuse, and mismanagement. Should any indication of fraud, abuse, or mismanagement be detected by any of these departments, the ADECA Legal and Audit Departments will report their findings to the Governor's office, Attorney General's office, U.S. Attorney, and/or the Examiners of Public Accounts as may be appropriate for determination of necessary actions.

ADECA will provide necessary technical assistance and afford necessary expertise to provide for increasing the capacity for implementation and compliance of local governments, sub-recipients, sub-grantees, contractors, and any other entity responsible for administering activities under this grant. Monitoring steps as discussed above will be utilized to mitigate fraud, abuse, and mismanagement. Findings that cannot be resolved by ADECA's CDBG staff will be reported to ADECA's Legal and/or Audit Departments for determination regarding further action.

## **Substantial Amendment**

Alabama's Action Plan for Disaster Recovery may be amended as the program progresses. A substantial amendment to the Disaster Plan will require ADECA to provide for reasonable timeframe and method(s) (including electronic submission) for receiving comments on the substantial amendment before submission to HUD. The following modifications will constitute a substantial amendment:

- A change in program benefit or eligibility criteria;
- The allocation or reallocation of \$1 million; or
- The addition or deletion of an activity.

ADECA will notify HUD, but is not required to undertake public comment, when it makes any plan amendment that is not substantial. Amendments not covered above may be made at the discretion of the State and notice will be given through normal programmatic communications to elected officials and other persons having interest in the program. ADECA does not anticipate any program income, but should program income materialize as a result of the Tornado Disaster Recovery Funds, ADECA and its sub-recipients will follow the prevailing HUD rule on program income.

Localities will be allowed to amend projects through a local amendment if the proposed changes are minor and do not materially change the project; if the project location is not changed; if the budget is not changed by more than 10%; and if the beneficiaries are not reduced by more than 10%. However, even local amendments must be reported to ADECA and must be approved by the local governing body.

Substantial amendments proposing a material change; a change in location; a budget revision in excess of 10%; or a reduction of more than 10% in beneficiaries will require a "Formal Amendment." A Formal Amendment requires a public hearing and a resolution from the local governing body. Additionally, the local governing body must request and receive ADECA's approval before implementing the amendment.

## **BUDGET**

### **Distribution by Geographical Area:**

\$55,566,078	-	Total allocation for Alabama
X <u>          .80</u>	-	% to be expended in Tuscaloosa, Jefferson, Marion, and/or DeKalb Counties ("most impacted counties")
<u>\$44,452,862</u>	-	Amount to be expended in "most impacted counties"

### **Amount to be Expended in Target Counties:**

\$16,634,702	-	Must be spent in City of Tuscaloosa
7,847,084	-	Must be spent in Jefferson County
6,386,326	-	Must be spent in City of Birmingham
<u>13,584,750</u>	-	State distribution to be expended in "most impacted counties"
<u>\$44,452,862</u>	-	Amount to be expended in "most impacted counties"

### **Allocation to the State of Alabama:**

\$24,697,966	-	Total allocation
<u>13,584,750</u>	-	Amount to be expended in target counties*
<u>\$11,113,216</u>	-	To be expended in balance of disaster counties

\*Tuscaloosa, Jefferson, Marion and/or DeKalb

**Activity Budget:**

Housing Assistance	\$11,731,534
Economic Revitalization	\$ 4,692,613
Infrastructure	\$ 7,038,921
Administration <sup>6</sup>	<u>\$ 1,234,898</u>
Total	<u>\$24,697,966</u>

The amount budgeted for administration will allow ADECA to allocate necessary staffing to ensure compliance with U.S. Department of Housing and Urban Development requirements related to plan development, environmental rules, labor standards, bidding and contracting requirements, reporting and recordkeeping requirements, acquisition and relocation laws, fair housing and equal opportunity requirements, etc. Typically, these grants last several years and require continued oversight. Any budgeted but unexpended amounts for administration will go toward relief, recovery, and restoration projects.

**PERFORMANCE SCHEDULE**

A projected performance schedule for the disaster grant follows. The schedule includes projected performance of expenditures and outcome measures for housing, infrastructure, economic revitalization, and administration activities. Based on ever-evolving requirements for disaster recovery, it should be understood that 50% of total funding after administration is initially budgeted for infrastructure/economic revitalization and 50% after administration for housing; however, a budget revision could be required to move funds based on documented need.

**Housing:**

	<u>Expenditures</u>	<u>Outcome Measures</u>	
Dec. 31, 2012	\$1,173,153	40 units	102 beneficiaries
Dec. 31, 2013	\$2,346,307	80 units	203 beneficiaries
Dec. 31, 2014	\$2,346,307	80 units	203 beneficiaries
Dec. 31, 2015	\$2,346,307	80 units	203 beneficiaries
Dec. 31, 2016	\$2,346,307	80 units	203 beneficiaries
July 31, 2017	<u>\$1,173,153</u>	<u>40 units</u>	<u>102 beneficiaries</u>
Total:	<u>\$11,731,534</u>	400 units	1016 beneficiaries <sup>7</sup>

<sup>6</sup> A total of 5% was budgeted for Administration as specified in the Federal Register, Vol. 77, No. 73, p. 22590 dated April 16, 2012.

**Infrastructure / Economic Revitalization:**

	<u>Expenditures</u>	<u>Outcome Measures</u>
Dec. 31, 2012	\$1,173,153	Unknown until specific projects are funded.
Dec. 31, 2013	\$2,346,307	
Dec. 31, 2014	\$2,346,307	
Dec. 31, 2015	\$2,346,307	
Dec. 31, 2016	\$2,346,307	
July 31, 2017	<u>\$1,173,153</u>	
Total:	<u>\$11,731,534</u>	

**Administration:**

	<u>Expenditures</u>	<u>Outcome Measures</u>
Dec. 31, 2012	\$123,491	N/A
Dec. 31, 2013	\$246,979	N/A
Dec. 31, 2014	\$246,979	N/A
Dec. 31, 2015	\$246,979	N/A
Dec. 31, 2016	\$246,979	N/A
July 31, 2017	<u>\$123,491</u>	N/A
Total:	<u>\$1,234,898</u>	

**Projected Expenditure for Entire Disaster Grant:**

	<u>Expenditures</u>
December 31, 2012	\$2,469,797
December 31, 2013	\$4,939,593
December 31, 2014	\$4,939,593
December 31, 2015	\$4,939,593
December 31, 2016	\$4,939,593
July 31, 2017	<u>\$2,469,797</u>
Total	<u>\$24,697,966</u>

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<sup>7</sup> Beneficiaries based on 2010 U.S. Census, American Fact Finder, Table DP-1 Total Population/Total Households = 2.54 persons per household for the State of Alabama.

## **CITIZEN PARTICIPATION**

### **1. Public Hearing:**

Citizen participation was strongly encouraged throughout the development of all elements of the Action Plan. At the conclusion of the draft plan, a Notice of Public Hearing was published in the four major State newspapers on June 5, 2012. The Public Hearing was held on June 19, 2012 in Cullman, Alabama. A copy of the Notice of Public Hearing is included at Addendum C.

The *Action Plan for Disaster Recovery: Tornadoes of April 2011* was presented for review and comment through posting on ADECA's website. Citizens, affected local governments, and other interested parties were notified by email of the proposed plan, and copies of the plan were made available at the office of the Alabama Department of Economic and Community Affairs (ADECA). Following the Public Hearing, and subsequent to publication of the Action Plan, a period of ten (10) days was provided for public comments which were accepted by mail, facsimile, or email. The comment period ran through June 29, 2012.

Alabama's CDBG *Action Plan for Disaster Recovery: Tornadoes of April 2011* is posted at:

<http://adeca.alabama.gov/C8/FY2005%20Application%20Manual/default.aspx>

### **2. Accessibility**

All materials were posted in English and Spanish, and other languages and other formats were offered upon request to ensure accessibility to persons with disabilities and Limited English Proficiency. The address and telephone number necessary for persons with special needs to obtain assistance were provided; no requests for special assistance were received.

### **3. Citizen Participation Requirements for Local Governments and Sub-Grantees**

All units of local government grantees must have a written local Citizen Participation Plan and must follow that plan during the planning and implementation phases of their project. The local Citizen Participation Plan adopted for HUD programs covered under the Consolidated Plan may be used during the planning and implementation of proposed projects and funded projects under a Non-Consolidated Plan program as long as the local plan meets the requirements of the Non-Consolidated Plan Program. All local Citizen Participation Plans should conform to the sample Citizen Participation Plan available on the ADECA website. The grantee must notify ADECA if the locality intends to adopt a plan that deviates from the Sample Plan.

All grantees must conduct a Four-Factor Analysis and, if necessary, develop a Language Access Plan for persons with Limited English Proficiency, prior to

advertising for or conducting a public hearing. If the Four-Factor Analysis identifies a group of Limited English Proficient persons, the notices and citizen participation materials must be made accessible through the means identified in the grantee's Language Access Plan.

In addition to the formal consultation received through the Public Hearing and public comment period, ADECA consulted informally with numerous entities. Through ADECA's CDBG Disaster Recovery and Long-Term Community Recovery Teams, there have been numerous community meetings in the disaster areas and many of the preliminary needs and priorities from this area have been identified.

Following the submission of this Action Plan for approval by the U. S. Department of Housing and Urban Development, the State will hold a Disaster Recovery Fund Workshop. All interested parties will be notified of the workshop date, at which time the application schedule will be announced. The applications will be reviewed and awards made in a timely fashion. All activities will be completed and the program will be closed out in a timely manner.