



Indiana Office of Community and Rural Affairs

Community Development Block Grant Disaster Recovery

2025

Action Plan



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1. Executive Summary

In March 2023, the State of Indiana experienced severe weather, including tornadoes and flooding, which caused extensive damage throughout Johnson and Sullivan counties. The impact was significant on infrastructure, the economy, and housing. On April 6, 2023, Governor Eric J. Holcomb requested an expedited major disaster declaration for the severe storms that occurred from March 31 to April 1, covering 12 counties: Allen, Benton, Clinton, Grant, Howard, Johnson, Lake, Monroe, Morgan, Owen, Sullivan, and White. Since then, the State has been working to leverage resources from FEMA, federal agencies, and state resources to facilitate long-term recovery and build a more resilient community.

This Action Plan outlines the State of Indiana's comprehensive strategy for utilizing the \$7,663,000 allocated in Community Development Block Grant-Disaster Recovery (CDBG-DR) funding from the U.S. Department of Housing and Urban Development (HUD) to support long-term recovery and mitigation efforts following severe storms, and tornadoes (FEMA-4704-DR). This allocation, established through the Disaster Relief Supplemental Appropriations Act of 2025, aims to address critical unmet needs within the State's most impacted and distressed (MID) areas of the 2023 disaster.

The Action Plan is required by HUD to assess the CDBG-DR funding needs in Indiana with a specific focus on the most impacted and distressed (MID) areas. The Office of Community and Rural Affairs (OCRA) must target unmet disaster needs and mitigation activities, particularly in ZIP codes with \$2 million or more in serious housing needs. Sullivan County, specifically ZIP code 47882-the City of Sullivan has been identified as one of the most impacted areas resulting from the declared emergency.

The Plan meets a set of technical criteria outlined by HUD. This Action Plan is not intended to serve as a comprehensive long-term recovery plan; rather, it is specific to the CDBG-DR program and provides a targeted approach to address immediate recovery needs. The Action Plan details a strategic framework for the allocation of CDBG-DR funding, aimed at fulfilling the housing, economic and infrastructures needs identified in the most impacted areas. Table 1 provides a summary of the proposed programs and activities described in the Plan. Each program is described in Section 5.

The Plan is organized into the following sections to provide clarity and insight:

- **Disaster-Specific Overview:** This section describes the broad impacts of severe storms, straight-line winds, and tornadoes, along with the significant efforts the State of Indiana has undertaken towards recovery. Information related to the HUD Designated MID and State Designated MID is also provided.
- **Unmet Needs Assessment:** This assessment estimates unmet recovery needs across three core aspects defined by HUD: housing, infrastructure, and the economy. It guides the prioritization of recovery activities to effectively address these vital areas.

- **Mitigation Needs Assessment:** This assessment outlines the natural hazards faced by the identified most impacted and distressed area, Sullivan County, providing a risk-based evaluation and identifying key mitigation priorities.
- **A Connection Between Proposed Programs And Projects And Unmet Needs And Mitigation Needs:** This section outlines the proposed programs and activities included in the state's funding allocation, with comprehensive details presented in Table 1 below. It includes specifics about the allocation amounts and award limits, as well as the established funding criteria.
- **General Information:** This section outlines the State's citizen participation process, including public hearings, stakeholder consultations, community outreach, and the public comment process.
- **Substantial amendments:** It also includes administrative details regarding how the plan may be amended based on updated data or program funding reallocation.

Table 1- CDBG-DR Program Allocation and Funding Threshold

Eligible Cost Category	Unmet Need	% of Unmet Need	% in MID	CDBG-DR Allocation	% of Budget
Administration (5% cap)	-	-	-	\$383,150	5%
Mitigation and Resilience Planning (15% cap)	-	-	-	\$300,000	3.91%
Owner-Occupied Housing	\$6,141,523	34.5%	100%	\$2,500,000	32.62%
Disaster Recovery Infrastructure Program	\$7,616,377	42.8%	100%	\$3,279,850	29.75%
Blight Clearance	\$2,000,000	11.2%	100%	\$700,000	9.13%
Economic Revitalization	\$2,055,397	11.5%	100%	\$500,000	6.54%
Total	\$17,813,297	100%	100%	\$7,663,000	100%

1.1. Overview

The U.S. Department of Housing and Urban Development (HUD) announced that the State of Indiana will receive \$7,663,000 in funding to support long-term recovery and mitigation efforts following severe storms and tornadoes (FEMA-4704-DR), through the Allocation Announcement Notice published in the Federal Register at FR-6512-N-01¹ made on January 16, 2025. This allocation was made available through the Disaster Relief Supplemental Appropriations Act 2025 (Public Law 118-158), for major disasters occurring in 2023 or 2024.

The Office of Community and Rural Affairs (OCRA) serves as Indiana's administrative agency for the HUD Community Development Block Grant – Disaster Recovery (CDBG-DR) funds. OCRA will manage the CDBG-DR funds, which are intended to meet ongoing needs that remain after all other sources of assistance have been depleted.

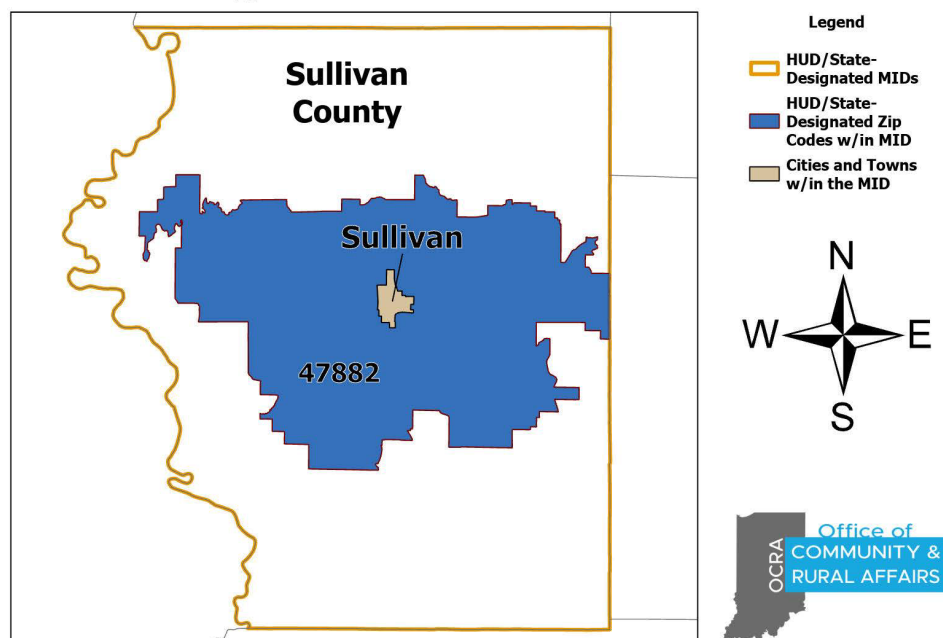
To meet disaster recovery needs, the statutes making CDBG-DR funds available have established additional requirements and granted HUD the authority to adjust the rules governing the annual CDBG program. This is designed to increase flexibility and facilitate a faster recovery, as outlined in the Community Development Block Grant Disaster Recovery Universal Notice: Waivers and Alternative Requirements (the “Universal Notice”) Docket No. FR-6489-N-01².

¹ Source: [Allocations for Community Development Block Grant Disaster Recovery and Implementation of the CDBG-DR Consolidated Waivers and Alternative Requirements Notice](#) (UN AAN), 90 FR 4759. U.S. Department of Housing and Urban Development. 2025.

² Source: [Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees: The Universal Notice](#) (“The Universal Notice”) 90 FR-6489-N-01. U.S. Department of Housing and Urban Development. 2025.

Figure 1: HUD and State Designed Most Impacted and Distress (MID) Zip Code.

**HUD/State Most Impacted & Distressed Areas:
Sullivan County, IN 47882**



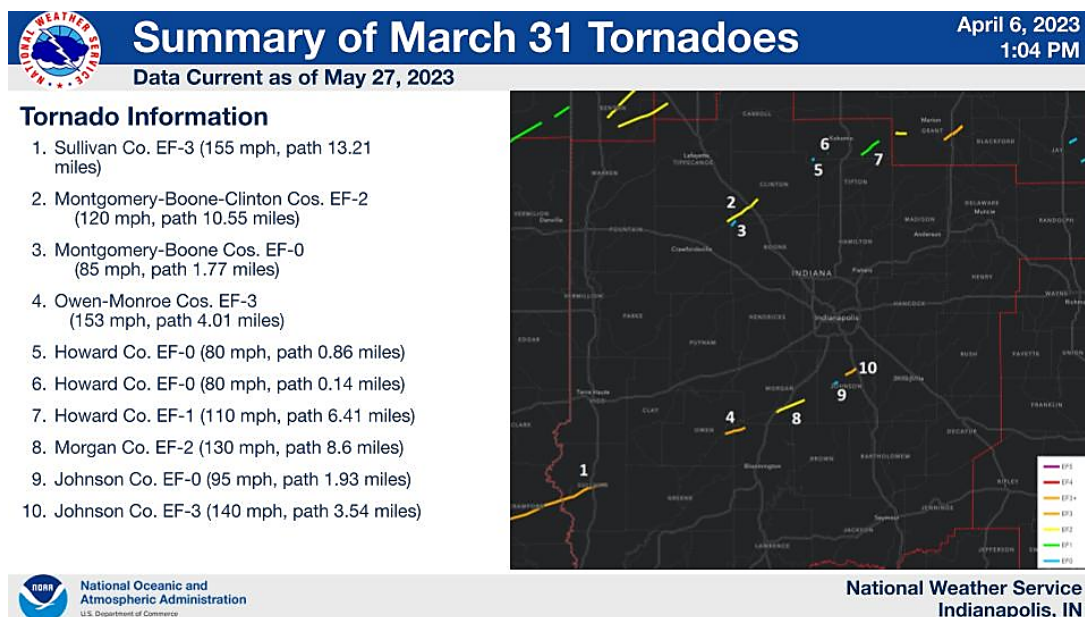
1.2. Disaster Specific Overview

Severe weather and powerful tornadoes struck the Midwest, impacting Indiana. The National Weather Service reported that thunderstorms formed along and ahead of a strong cold front on the evening of March 31st. These storms produced 10 tornadoes along with widespread wind damage in the night of March 31st and the early morning of April 1st. The National Weather Service confirmed that this was part of a larger outbreak that produced a total of 23 tornadoes in Indiana alone, making it the fifth-largest tornado outbreak in the state's history since November 17, 2013³. Figure 2 illustrated the tornadoes that struck Indiana on March 31st, 2023⁴.

Figure 2: Summary of March 31st, 2023, Tornadoes.

³ Source: <https://www.weather.gov/ind/toptornoutbreaks>

⁴ Source: [Tornadoes and Severe Weather of March 31, 2023](#). National Oceanic and Atmospheric Administration. 2023



In a devastating wave of severe weather with tornadic activity caused extensive damage throughout Johnson and Sullivan counties. A series of tornadoes struck multiple counties across the state, unleashing damaging winds that resulted in unprecedented impacts on infrastructure and the economy, forcing communities to grapple with the challenging aftermath of recovery.

The state saw tornados with varying intensity in the Enhanced Fujita Scale (EF)⁵, including a weaker EF-0 in Allen County near New Haven and Harlan, which resulted in minor damage to buildings and trees. Sullivan County, in stark contrast, faced the brunt of an EF-3 tornado that caused significant devastation, leading to three fatalities and numerous injuries, making it one of the hardest-hit areas during this severe weather event. Table 2 presents a summary of the counties, detailing the tornado wind speeds and the characteristics of the paths of destruction, along with the associated deaths and injuries in each area during the evening of March 31st, 2023.

Table 2: *Summary of Tornado Wind Speeds and Impact Assessment by County*

County	City/Town	Time	EF Rating	Peak Winds	Path Length	Max Width	Deaths/Injuries	Impact Assessment Summary
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⁵ The [Enhanced Fujita Scale \(EF Scale\)](#) is a system used to categorize tornadoes based on their intensity, specifically the damage they cause and their estimated wind speeds. It ranges from EF0 (weakest) to EF5 (strongest), with each rating representing a different level of damage and wind speed. (National Oceanic and Atmospheric Administration, n.d.)

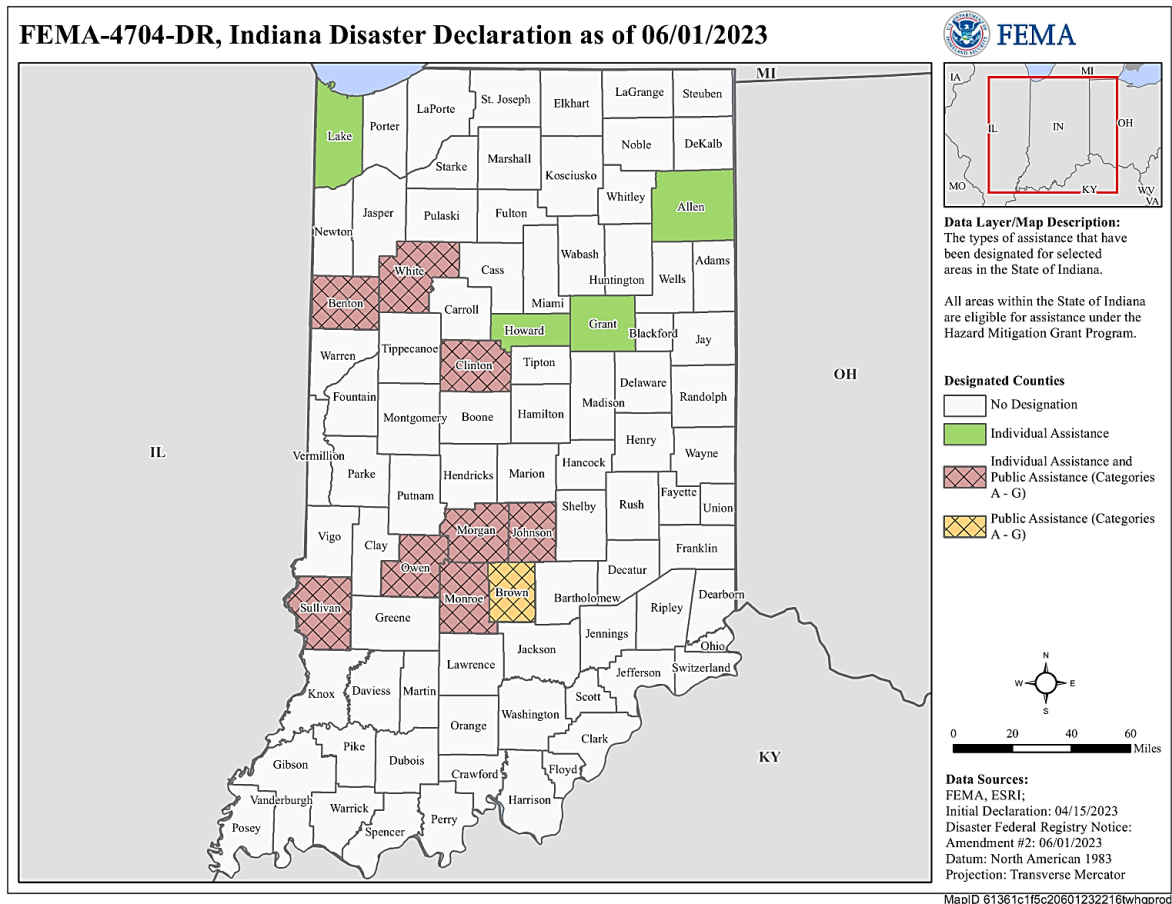
White County	Badger Grove	9:33–9:47 PM	EF-2	115 mph	15.18 miles	400 yards	0/0	Damaged homes, farm outbuildings, downed trees and power poles.
White County	Smithson	9:55–9:58 PM	EF-0	85 mph	1.29 miles	125 yards	0/0	Bent wind turbine blades, pole barn damage, and tree damage.
Cass County	Royal Center	10:13–10:16 PM	EF-1	100 mph	1.73 miles	300 yards	0/0	Destroyed pole barns, snapped trees, and damaged homes.
Sullivan County	City of Sullivan	10:21 PM	EF-3	155 mph	8.94 miles	660 yards	3/8	Severely damaged homes, uprooted trees, and destroyed modular homes.
Clinton County	Colfax	10:45 PM	EF-2	120 mph	6.79 miles	100 yards	0/1	Damaged homesteads, barns, and farmsteads; toppled large radio tower.
Owen & Monroe	McCormick's Creek	11:01 PM	EF-3	138 mph	4.01 miles	400 yards	2/2	Snapped trees, destroyed homes, and fatalities in McCormick's Creek State Park.
Howard County	South of Russiaville	11:11 PM	EF-0	80 mph	0.86 miles	10 yards	0/0	Damaged trees, barns, and homes; tornado quickly lifted.

Howard County	Near Russiaville	11:15 PM	EF-0	80 mph	0.14 miles	10 yards	0/0	Shingle damage, playground debris, and damaged garage and sheds.
Howard County	Near Greentown	11:20 PM	EF-1	110 mph	6.41 miles	25 yards	0/1	Destroyed barn and mobile home, damaged homes and trees.
Morgan County	Near Martinsville	11:21 PM	EF-2	130 mph	8.6 miles	200 yards	0/0	Roof damage, lofted grain bins, tree damage, and displaced pontoon boat.
Johnson County	Bargersville	11:27 PM	EF-0	85 mph	1.93 miles	25 yards	0/0	Sporadic tree damage, minor powerline and barn roof damage.
Johnson County	Whiteland	11:33 PM	EF-3	140 mph	3.54 miles	316 yards	0/0	Severe home damage, uprooted trees, and major damage to a warehouse.
Grant County	Swayzee	11:33–11:38 PM	EF-2	120 mph	3.1 miles	150 yards	0/0	Roof damage to businesses and school; snapped trees and power poles.
Grant County	Gas City	11:42–11:47 PM	EF-3	140 mph	6.35 miles	200 yards	0/0	Extensive tree and home damage; several homes destroyed near

								Blackthorn Drive.
Allen County	Near New Haven	11:36–11:43 PM	EF-2	120 mph	7.86 miles	400 yards	0/0	Major tree, farm, and home damage; most significant damage near Notestine Road.
Allen County	Near Harlan	11:44–11:45 PM	EF-0	75 mph	1.14 miles	75 yards	0/0	Minor building and tree damage; snapped trees and roof damage.
Jay County	Near Salamonina	12:19–12:22 AM	EF-0	85 mph	1.54 miles	175 yards	0/0	Damage to barns and grain bins.
Jay County	Near Portland	12:20–12:23 AM	EF-0	80 mph	2.44 miles	100 yards	0/0	Barn wall and roof damage; broken trees and power poles.

On April 6, 2023, Governor Eric J. Holcomb requested an expedited major disaster declaration due to severe storms, straight-line winds, and tornadoes that occurred from March 31 to April 1, 2023. The Governor sought a declaration for 12 counties, including Allen, Benton, Clinton, Grant, Howard, Johnson, Lake, Monroe, Morgan, Owen, Sullivan, and White Counties. Since that time, the State has been working to leverage resources and partnerships from the Federal Emergency Management Agency, other federal agencies, the State of Indiana, and various resources to navigate the long-term recovery process toward building a more resilient and thriving community.

Figure 3: FEMA-4704-DR, Indiana Disaster Declaration as of 06/01/2023



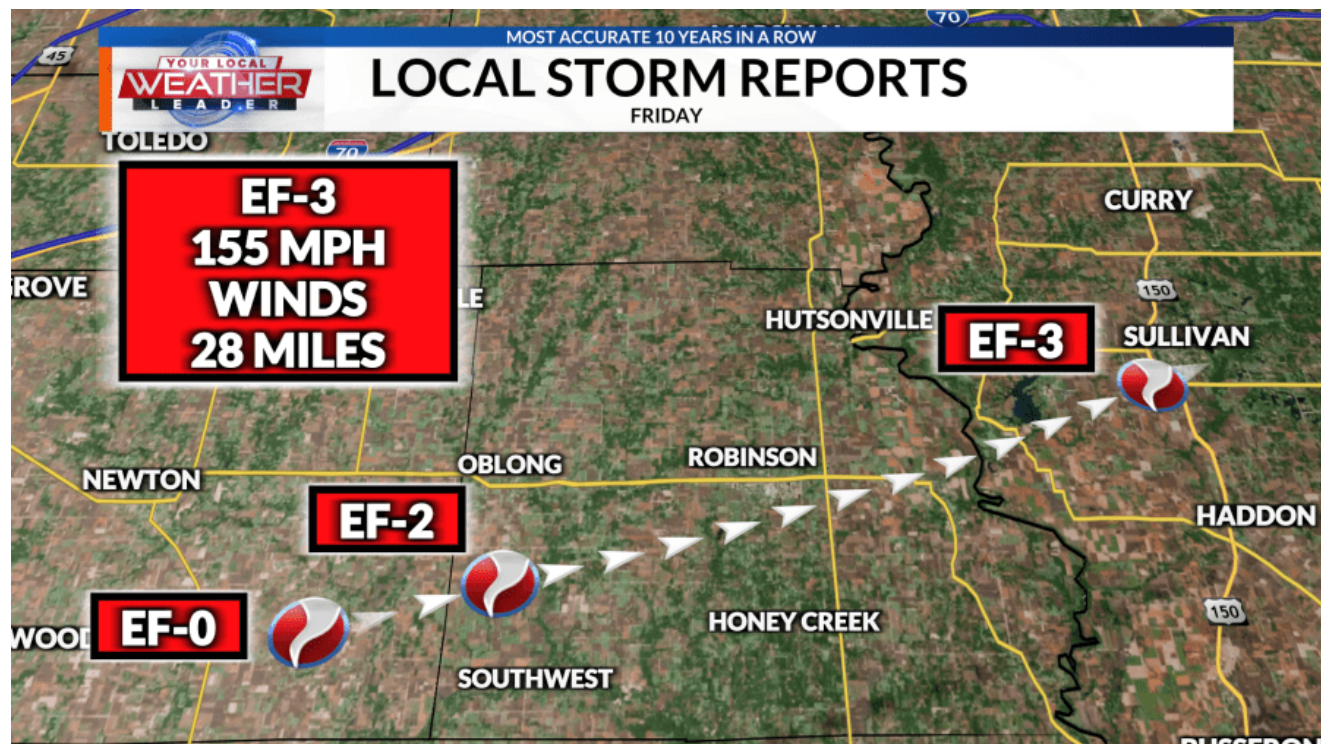
The U.S. Congress made supplemental disaster assistance funding available for the event. On January 16th, 2025, the U.S. Department of Housing and Urban Development (HUD) announced the allocation of \$7,663,000 in CDBG-DR funds to Indiana in response to the March 31, 2023, event. For the first time, HUD included a “mitigation set-aside” in the CDBG-DR allocation, which provides an additional 15% in funds for mitigation activities and comes with its own requirements. These CDBG-DR funds are for necessary expenses for activities authorized under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.) (HCDA) related to disaster relief, long-term recovery, restoration of infrastructure and housing, economic revitalization, and mitigation in the “most impacted and distressed” (MID) areas. HUD has designated Sullivan County (zip code 47882) as the most affected and distressed area (MID) resulting from the 2023 disaster.

1.3. HUD Identified Most Impacted and Distressed (MID) Areas

On March 31, 2023, Sullivan County experienced devastating impacts from an EF-3 tornado with peak winds of 155 mph. The tornado tracked 8.94 miles from the Wabash River to Merom, where it caused severe structural damage, including the complete destruction of a

modular home that was carried over 200 yards. The storm resulted in two fatalities in Merom, while also causing significant property damage, including displaced vehicles and extensive tree damage with uprooting at heights of 20-30 feet. These impacts underscore the critical need for economic revitalization and mitigation efforts in the designated "most impacted and distressed" (MID) areas.

Figure 4: Tornado Trajectory⁶



The tornado's path through southern Sullivan County resulted in significant devastation, destroying multiple structures and causing three fatalities and eight injuries. The storm's intensity fluctuated between EF-2 and EF-3 levels as it moved through the region, with particularly severe damage in residential areas.

While HUD requires 80% of CDBG-DR funding to be directed to Sullivan County (zip code 47882), the Office of Community and Rural Affairs has determined to allocate the full 100% of funds to support recovery and mitigation initiatives in the county. This decision emphasizes targeted support for the City of Sullivan, which has been designated as a Most Impacted and Distressed (MID) area requiring concentrated recovery efforts.

⁶ Source: <https://www.wcia.com/drone-footage/sullivan-in-tornado-damage-drone-video/>

Figure 5: HUD and State Designed Most Impacted and Distress (MID) Area

HUD/State Most Impacted & Distressed Areas: Sullivan County, IN 47882

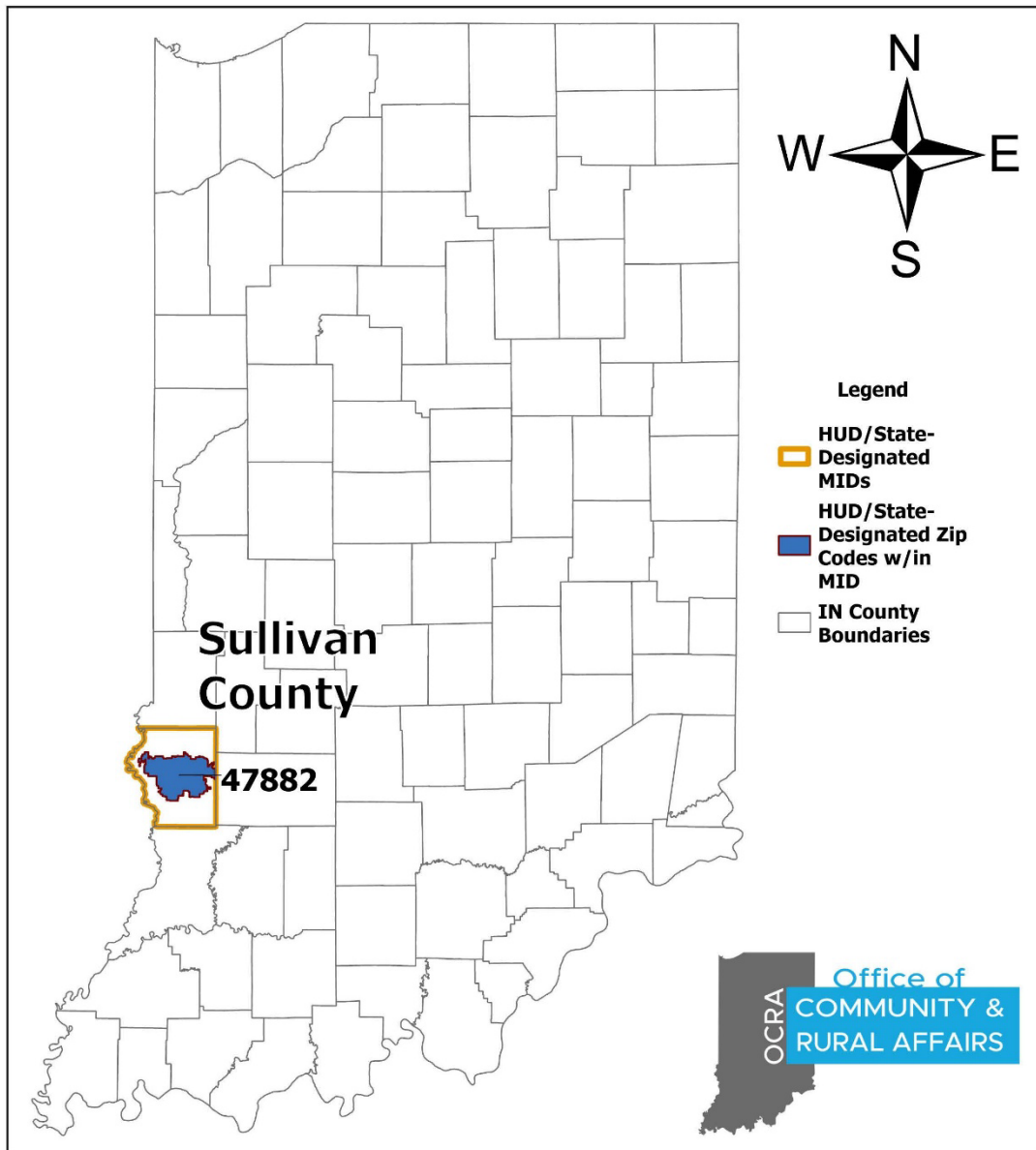
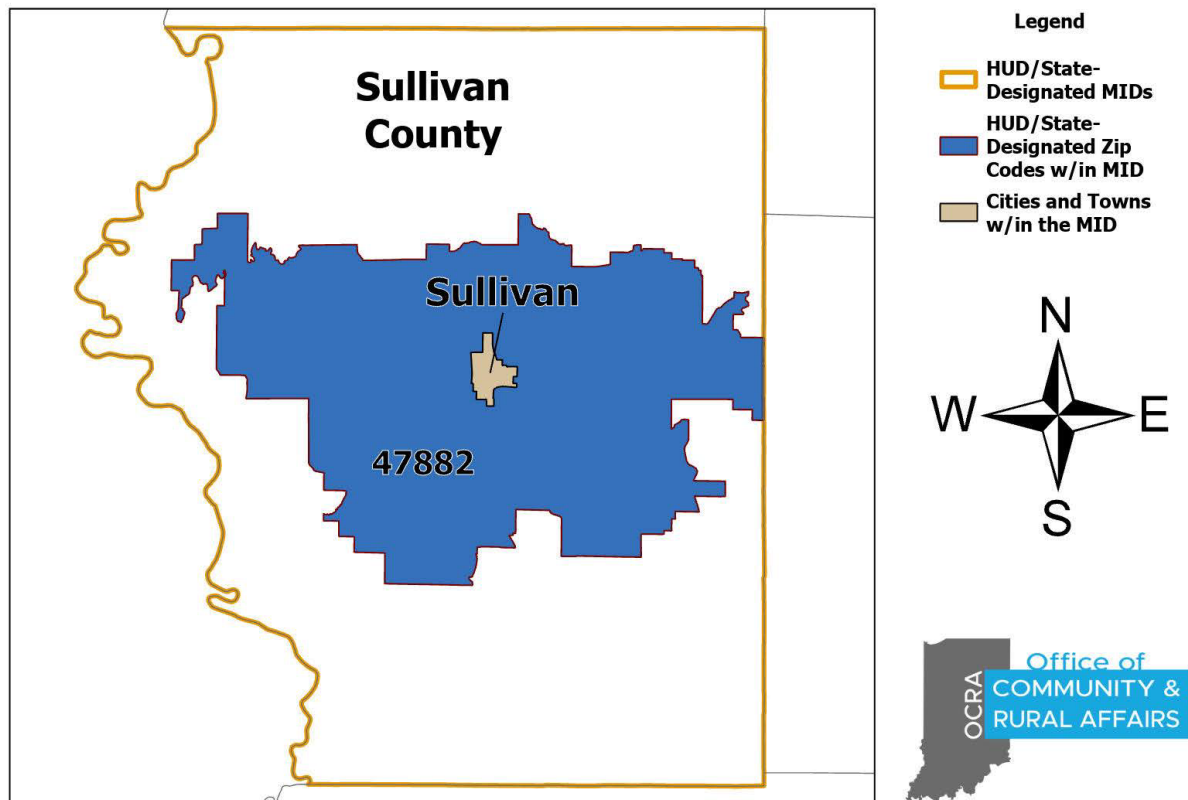


Figure 6: HUD and State Designed Most Impacted and Distress (MID) Zip Code.

HUD/State Most Impacted & Distressed Areas: Sullivan County, IN 47882



1.4. Summary of Unmet Needs

Unmet Needs by Sector

Housing

To calculate the housing unmet needs, the State (OCRA) used FEMA IA, and SBA data to identify damaged or destroyed units, calculate the value of housing losses, and tabulate against the assistance received based on current data available for this draft. Additional information regarding the methodology utilized to determine the housing unmet needs can be found in the Housing Unmet Needs section.

Infrastructure

Infrastructure impacts are estimated from the non-federal cost share of FEMA PA and standalone recovery projects. The City of Sullivan used internal data to estimate both the non-federal cost share of FEMA PA and the costs of standalone projects. Additional

information regarding the methodology utilized to determine the Infrastructure Unmet Needs can be found in the Infrastructure Unmet Needs section.

Economic Recovery

OCRA utilized data from the SBA to estimate its unmet economic recovery needs. Specifically,

OCRA used SBA loan processing data as preliminary estimate for this draft. The SBA “Current Total Verified Loss (estimate)” for a subset of operational categories data is forthcoming at the time of this draft and will be used to update the estimated unmet needs according to HUD’s requirements when received. Additional information regarding the methodology utilized to determine the Economic Recovery Unmet Needs can be found in the Economic Recovery Unmet Needs section.

Table 3 provides the estimated unmet need for each recovery area and corresponding funding allocation. These unmet need percentages are intended as a general guide to allocate funding. The City may consider other factors, such as pre-disaster conditions, broader community needs, and how investments in a project from one category support another, such as infrastructure projects that directly support affordable housing. The unmet needs for infrastructure identified locally exceeds the CDBG-DR allocation available, however, these needs are critical to the long term recovery, stabilization and future growth of the City of Sullivan. The City is actively pursuing additional funding sources to meet these needs.

Table 3– Summary of Estimated Unmet Need and Proposed Allocation

Category	Unmet Need	Percent of Total Unmet Need	Program Allocation Amount
Housing	\$6,141,523	39%	\$2,500,000
Infrastructure	\$7,616,377	48%	\$3,279,850
Economic Recovery	\$2,055,397	13%	\$500,000
Public Services	\$0	0%	\$0
Total	\$15,813,297	100%	\$6,279,850

1.5. Overview of the Impacts of the Qualifying Disaster

The 2023 qualifying disaster has had devastating effects on the City of Sullivan, resulting in significant damage to housing, infrastructure, and local businesses. Many homes have been damaged or destroyed, rendering families displaced and in urgent need of assistance. Critical infrastructure, including roads, bridges, and utilities, has suffered extensive damage, complicating recovery efforts and hindering access to essential services. Local businesses have faced severe interruptions, leading to economic downturns and job losses that further exacerbate the community's struggles.



Photo 1: Tornado Damage in Sullivan, Indiana⁷

Despite the efforts made by the City and the County in securing various funding sources, including insurance proceeds and federal assistance programs, critical recovery needs remain unaddressed. Many residents are still without adequate housing solutions, as the assistance received does not cover the full extent of their losses. The housing market, which was already strained before the disaster, is now facing increased pressure due to the limited availability of affordable housing options for displaced families.

Infrastructure damage continues to pose a challenge; local estimates reveal that the costs associated with repairing and upgrading critical facilities exceed the available funding from the CDBG-DR allocation. The need for reliable transportation, water, and sanitation services is paramount, and these deficiencies risk undermining long-term recovery efforts.

⁷ Source: <https://www.indystar.com/story/news/local/2023/04/02/sullivan-county-indiana-tornado-three-dead-victims-identified/70073617007/>



Photo 2: Tornado Damage in Sullivan⁸

Photos illustrate the impact of the disaster, such as damaged homes, effectively convey the extent of the challenges faced by the City of Sullivan. These visual representations help stakeholders understand the urgency of addressing the greatest remaining recovery needs.

The Sullivan County and the City of Sullivan are actively working to identify and secure additional funding sources to tackle these unmet needs, ensuring that the community can be rebuilt in the aftermath of this disaster. Comprehensive recovery efforts are essential not only for restoring physical assets but also for revitalizing the community's spirit and supporting long-term resilience against future challenges.

Table 4- *Disaster Overview*

Disaster Summary	
Qualifying Disaster:	Indiana – Severe Storms, Straight-line Winds, and Tornadoes FEMA-4704-DR
HUD-identified MID Areas:	Sullivan County (ZIP code 47882)
State-identified MID Areas:	Sullivan County (ZIP code 47882)

⁸ Source: <https://www.indystar.com/story/news/local/2023/04/02/sullivan-county-indiana-tornado-three-dead-victims-identified/70073617007/>

Table 5-CDBG-DR Allocation Overview

CDBG-DR Allocation Overview	
CDBG-DR Allocation:	\$7,663,000
CDGB-DR Most Impacted and Distressed Area Allocation:	\$6,130,400
CDBG-DR Mitigation Set Aside:	\$1,000,000
Total Allocation:	\$7,130,400

2. Unmet Needs Assessment

2. Unmet Needs Assessment

HUD requires grantees to perform an Unmet Needs Assessment (UNA) as part of their Action Plan. The purpose of the UNA is to help guide the use of CDBG-DR funds, so that program and funding decisions can be informed by data on the impact of the disaster and recovery needs that remain unmet. This section presents the UNA, focusing on three sectors as required for the analysis: housing, infrastructure, and economic revitalization. The UNA includes a review of housing needs, emphasizing damaged residential properties, particularly among low- and moderate-income (LMI) households. Infrastructure assessments highlight damage to public facilities and critical infrastructure, all essential to community resilience. Economic impacts in the assessment reveal challenges faced by local businesses and workforce disruptions, underscoring the need for economic recovery efforts.

2.1. Methodology and Data Sources

Unmet needs are calculated for each of the HUD-defined sectors (housing, infrastructure, economic recovery) based on guidance provided by HUD in its Revised UN⁹ and FR Notice published on January 16, 2025¹⁰ (UN AAN). Each FR Notice provides guidance on how to complete a UNA, including data sources, methodological processes, and how to estimate unmet needs for each sector. This UNA follows the processes described in the Revised UN on pages 1758 to 1759 and the UN AAN on pages 4764 to 4765 as closely as possible with the data available at the time of this assessment.

In the context of disaster recovery, HUD defines "unmet needs" as needs not covered by other sources, such as insurance, philanthropic contributions, or other federal programs. Any remaining need, after accounting for all support, represents the overall unmet need. The unmet needs in the City and County of Sullivan across HUD's defined sector categories (housing, infrastructure, and economic recovery) are detailed in the following sections. The results of the UNA are used to determine a baseline of unmet need by category and then used as the basis for the creation of recovery programs.

⁹ Source(s): [Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees: The Universal Notice](#), U.S. Department of Housing and Urban Development, 2025.; [Universal Notice Revisions](#):

¹⁰ Source: [Allocations for Community Development Block Grant Disaster Recovery and Implementation of the CDBG-DR Consolidated Waivers and Alternative Requirements Notice \(UN AAN\), 90 FR 4759](#). U.S. Department of Housing and Urban Development, 2025.

2.1.1. Overview of Data

The sources of data utilized for this assessment include those listed in *Table 1*. They are more fully described in the following pages.

Table 6 – *Data Sources Utilized in the Assessment*

Data	Source
Housing Impact Data	FEMA Individual Assistance (IA), Small Business Administration (SBA)
Infrastructure Impact Data	Sullivan City and County FEMA Public Assistance (PA) Data, Consultations with City of Sullivan municipal leadership/staff and Sullivan County Commissioner on standalone projects
Economic Impact Data	SBA, and Consultations with City of Sullivan municipal leadership/staff
Socioeconomic and Demographic Data	US Census Bureau (Decennial Census and American Community Survey)
Low- and Moderate-Income Data	US Department of Housing and Urban Development (HUD)
Homelessness, Unsheltered Populations	Indiana Housing and Community Development Agency

2.1.2. Limitations of Data

Multiple public and qualitative data sources were used to understand the full extent of unmet needs in the City and County of Sullivan following the tornado and severe storm occurring on March 31, 2023; Federal Disaster 4704. It is important to note that the data in this assessment reflects currently available data as of March 2025, and it captures the needs at this point in time including recovery that has occurred in the 2 years since the disaster, and additional needs identified locally after the scope and scale of damage was fully realized.

Housing

- **FEMA Individual Assistance (IA):** Open FEMA IA data was accessed by the State (OCRA).
- **Small Business Administration (SBA):** Loan applications, approvals, offers

and disbursements were requested and received by SBA for all counties included in Disaster 4704 and for Sullivan County specifically.

- **Insurance Coverage:** Open FEMA IA data indicates whether registrants for FEMA assistance have home insurance coverage.
- **US Housing and Urban Development:** Low- to moderate- income census tracts and LMI concentrations.

Infrastructure

- **FEMA Public Assistance (PA):** FEMA PA project costs and federal share were accessed through FEMA Open Data.
- **Standalone Projects:** Sullivan City government staff compiled preliminary broad cost estimates for non-FEMA PA infrastructure projects requisite to full community recovery. These cost estimates are preliminary and subject to change. The County is currently updating the 5-year Hazard Mitigation Plan which will include a full assessment of the 2023 tornado providing greater detail into infrastructure unmet needs and estimates to meet these needs across Sullivan County as a result of the event.

Economic Recovery

- **Small Business Administration (SBA):** The SBA data includes all applicants and outcomes including total award for both the Small Business and Economic Injury Disaster Loan programs. Qualitative data and estimates from City of Sullivan municipal leadership and staff are included in the assessment.

2.2. Summary of Unmet Needs

Unmet Needs by Sector

Housing

To calculate the housing unmet needs, the State (OCRA) used FEMA IA, and SBA data to identify damaged or destroyed units, calculate the value of housing losses, and tabulate against the assistance received based on current data available for this draft. Additional information regarding the methodology utilized to determine the housing unmet needs can be found in the Housing Unmet Needs section.

Infrastructure

Infrastructure impacts are estimated from the non-federal cost share of FEMA PA and standalone recovery projects. The City of Sullivan used internal data to estimate both the

non-federal cost share of FEMA PA and the costs of standalone projects. Additional information regarding the methodology utilized to determine the Infrastructure Unmet Needs can be found in the Infrastructure Unmet Needs section.

Economic Recovery

OCRA utilized data from the SBA to estimate its unmet economic recovery needs. Specifically,

OCRA used SBA loan processing data as preliminary estimate for this draft. The SBA “Current Total Verified Loss (estimate)” for a subset of operational categories data is forthcoming at the time of this draft and will be used to update the estimated unmet needs according to HUD’s requirements when received. Additional information regarding the methodology utilized to determine the Economic Recovery Unmet Needs can be found in the Economic Recovery Unmet Needs section.

Table 2 provides the estimated unmet need of each recovery area and corresponding funding allocation. These unmet need percentages are intended as a general guide to allocate funding. The City may consider other factors, such as pre-disaster conditions, broader community needs, and how investments in a project from one category support another, such as infrastructure projects that directly support affordable housing. The unmet needs for infrastructure identified locally exceeds the CDBG-DR allocation available, however, these needs are critical to the long term recovery, stabilization and future growth of the City of Sullivan. The City is actively pursuing additional funding sources to meet these needs.

Table 7– Summary of Estimated Unmet Need and Proposed Allocation

Category	Unmet Need	Percent of Total Unmet Need	Program Allocation Amount
Housing	\$6,141,523	39%	\$2,500,000
Infrastructure	\$7,616,377	48%	\$3,279,850
Economic Recovery	\$2,055,397	13%	\$500,000
Public Services	\$0	0%	\$0
Total	\$15,813,297	100%	\$6,279,850

2.3. Sullivan City and County Low- and Moderate-Income

HUD Income Limits

HUD income limits are important in assessing and identifying the unmet needs for Low- and Moderate-Income (LMI) households impacted by a disaster. Proposed CDBG-DR programs and projects must prioritize the protection of LMI persons and meet HUD's overall LMI benefit requirement. This requirement states that at least 70% of CDBG-DR funds must be expended for activities that benefit LMI persons. As defined by HUD, LMI includes households with income under 80% of the Area Median Income (AMI), adjusted for household size.¹¹

- In Sullivan County, the median income as of 2024 is \$76,100, and a household of four is considered LMI if earning a gross income of \$67,900 or less.¹²
- In Indiana, median income as of 2024 is \$88,600, and a household of four is considered LMI if earning a gross income of \$70,900 or less.¹³
- The poverty rate in Sullivan City which had the most substantial damage is 20.6% according to American Community Survey 2023 5-year estimates, significantly higher than the state of Indiana rate of 12.5%.¹⁴

According to the American Community Survey (ACS) 2016-2020 LMI Summary Data (the most recent available),¹⁵ approximately 45.80% of individuals within Sullivan City limits qualify as LMI. To determine LMI areas, HUD utilizes census tracts and census block groups within census tracts, which are small geographic areas that can be used to access data for parts of a city or county. LMI concentrations in Sullivan's only 2 census tracts (7 census block groups, with some extending outside of Sullivan City limits) range from 24.5% to 88%, with the most populated census block groups having higher LMI concentrations.¹⁶

Impacts on LMI Populations

LMI populations face significant challenges in disaster recovery. Post-disaster, LMI

¹¹ Source: [Laws and Regulations: Low- and Moderate-Income Definitions under the CDBG Program](#). U.S. Department of Housing and Urban Development, Office of Planning and Community Development. 2024.

¹² Source: [FY 2024 Income Limits Summary for Sullivan County, IN](#). U.S. Department of Housing and Urban Development (HUD). 2025

¹³ Source: [FY 2024 Income Limits Summary for Indiana](#). U.S. Department of Housing and Urban Development (HUD). 2025.

¹⁴ Source: [Poverty Status in the last 12 months](#). U.S. Census, American Community Survey 2023.

¹⁵ Source: [ACS 5-Year 2016-2020 Low- and Moderate-Income Summary Data](#). U.S. Department of Housing and Urban Development.

¹⁶ LMI range for census tracts 503.01 and 503.02.

individuals and families often struggle with limited access to financial resources and insurance, hindering their ability to rebuild and relocate. Financial constraints may also mean that these households lack savings or alternative housing options, leading to prolonged displacement. In recovery efforts, LMI populations may have less access to information and resources due to lack of internet access, or limited transportation, which can delay the recovery process.

Furthermore, the cumulative impact of pre-existing disparities, such as employment instability, places LMI communities at greater disadvantage both in terms of disaster impacts and long-term recovery outcomes.

LMI Analysis

HUD estimates LMI using five-year census data. HUD currently requires the utilization of ACS 2016-2020 data to determine this percentage.¹⁷ *Table 8* provides the overall LMI percentage for census block groups in the City of Sullivan as calculated by HUD (with some block groups extending outside of Sullivan City limits. Discrepancies in the total population amounts between HUD LMI data and other Census data presented in this Plan is due to HUD's use of earlier census data for its LMI calculations, and use of census tract data which extend beyond Sullivan's city limits. Census block groups that were in the direct path of the tornado and experienced the most severe housing damage are indicated in bold, however, given the rural nature of Sullivan, all residents were impacted through utilities disruptions, public facilities and infrastructure damage, and slowdown of economic activity.

Table 8 – The LMI Populations for the City of Sullivan

Census Block Group	Total Population	LMI	Total Population	Percent LMI
Block Group 1, 503.01	335		770	43.5%
Block Group 2, 503.01	240		535	44.9%
Block Group 3, 503.01	245		960	25.5%
Block Group 4, 503.01	540		720	75%
Block Group 1, 503.02	285		575	49.6%

¹⁷ Source: [ACS 5-Year 2016-2020 Low- and Moderate-Income Summary Data](#). 2024

Block Group 2, 300	1,225	24.5%
Block Group 3, 503.02	685	775
		88.4%

Source: HUD ACS 5-Year 2016-2020 Low- and Moderate-Income Summary Data by Local Governments

2.4. Unmet Needs Assessment Results

2.4.1. Housing

The State (OCRA) conducted a housing assessment with input from the City of Sullivan to determine the impacts of the March 31st, 2023 tornado and severe storms on emergency shelters, interim and permanent housing, public housing units, affordability, damages to residential homes and rental units. The goal of this assessment is to identify the greatest remaining recovery needs that have not been addressed by other funding sources, helping to determine the most effective use of CDBG-DR funds for housing recovery, restoration, and resilience.

Housing Profile

Housing types within Sullivan include single-family homes, multi-family units, mobile and modular homes. Of the estimated 2,129 dwelling units within city limits, the percentage across types shows 71.3% single family, 5% duplex, 14.2% multi-family, and 9.1% mobile homes.¹⁸

Housing affordability and cost burden were issues for renters and owners in Sullivan prior to the devastation of the tornado despite home values and rents being significantly lower than the state and county median due to lower incomes. The area median home value in Sullivan is \$92,400, compared to \$115,200 in Sullivan County and \$183,600 in Indiana.¹⁹ Analysis of housing affordability reveals that both renters and homeowners struggle with cost burden (spending more than 30% of income on housing) or severe cost burden (spending more than 50% of income on housing) in Sullivan City and County. In Sullivan County, of the 7,575 households identified in the Comprehensive Housing Affordability Strategy (CHAS) data from 2021 (the most recent year available), 18% meet the definition of housing cost burdened or severe housing cost burdened.²⁰

¹⁸ Source: [Units in Structure – Sullivan, IN.](#) U.S. Census Bureau. 2022 5-year ACS estimates.

¹⁹ Source: [Median Value \(Dollars\) – Sullivan City and County, State of Indiana](#) U.S. Census Bureau. 2024.

²⁰ Source: [Comprehensive Housing Affordability Strategy \(CHAS\) Data.](#) U.S. Department of Housing and Urban Development (HUD).

Renters in Sullivan County experience cost burden at a much higher rate than owners. Approximately 37.7% of Sullivan renters are considered housing cost burdened, and of these cost burdened renters, 69% are considered severe housing cost burdened. A total of 455 renters are severely cost-burdened, the majority of whom have incomes less than 80% of the Area Median Income or \$60,881.²¹

Among homeowners in Sullivan County who have incomes less than 80% of AMI, 630 are cost burdened representing 11.7% of homeowners. Of these cost burdened homeowners, 285 are severely cost burdened.²² Furthermore, according to more recent data from American Community Survey 5-year estimates for 2023, approximately 45% of renters in Sullivan City and 35% in Sullivan County experience severe cost burden.

To further illustrate the renter affordability landscape, the 2024 HOME Investment Partnerships Program (HOME) Fair Market Values (FMV) for a 2-bedroom unit in Sullivan County show an increase by approximately 17% from 2020 to 2024 while renter median income increased by 34% during the same timeframe according to ACS 5 years estimates. Nevertheless, the median renter income in 2023 for Sullivan City is \$28,281 which is significantly less than the income required to afford an apartment without being cost burdened in Sullivan. Homeowner incomes in Sullivan City actually declined between 2020 and 2023 by almost 2%, increased in the county by 16% and have not kept pace with an increase in home value during this time of 29%. This coupled with interest rate increases, make affordable homeownership more challenging for residents in Sullivan City particularly. This emphasizes the need for both affordable homeownership and rental opportunities for residents in Sullivan.

Emergency Shelters, Transitional Housing and Rental Assistance for Disaster Survivors.

Due to the rural landscape of the City and County of Sullivan, there are not currently emergency shelters available to people who might be experiencing homelessness in the area. The closest facilities and service providers are located in Terra Haute, Indiana, approximately 30 miles north of the City of Sullivan. The statewide PIT Count does not include data for Sullivan County.

FEMA typically provides several forms of housing assistance to disaster survivors, including Transitional Sheltering Assistance (TSA) and multiple options for interim

²¹ Source: [Comprehensive Housing Affordability Strategy \(CHAS\) Data](#). U.S. Department of Housing and Urban Development (HUD).

²² Source: [Comprehensive Housing Affordability Strategy \(CHAS\) Data](#). U.S. Department of Housing and Urban Development (HUD).

housing, including Rental Assistance and Direct Housing through Direct Lease and Temporary Transportable Housing Units (TTHUs). For permanent housing, FEMA provides Repair and Replacement assistance. Given the rural location and supply constraints, adequately addressing displacement due to the tornado was challenging and many households were faced with leaving the area entirely. FEMA Individual Assistance Data indicated the following:

- 16 households reported needing shelter
- No TSA shelter was available
- 25 households were eligible for Rental assistance, total amount: \$36,106

Vouchers for emergency housing in Terra Haute were provided by Indiana Housing and Community Development and some limited shelter was set up by the Southwest Indiana Chapter of the Red Cross at a local church.

The Sullivan community was swift to organize funding drives to assist impacted residents and formed a Long Term Disaster Recovery Coalition to manage funds dispersed to households qualifying for assistance.

Owner- and Renter-Occupied Single-Family and Multi-Family Housing According to 2023 ACS 5-Year Estimates, there are a total of 1,635 occupied housing units within the City of Sullivan. The majority of units are owner-occupied units accounting for 63.2% of all occupied housing units and renter-occupied housing units accounting for 36.8% of all occupied housing units. Almost all owner occupied housing units are single family detached homes at 96.8% and the remaining 3.2% are mobile or other type of homes. Homeownership rates that are higher than renter rates indicate that affordable homeownership opportunities did exist in the City of Sullivan at the time of the ACS data collection in 2023 and should be prioritized for long term recovery in the City of Sullivan as single family homes were the most impacted by the disaster.

Table 9 – Owner- and Renter-Occupied Households in the City of Sullivan

Number of Owner-Occupied Units	Percentage of Owner- Occupied Units	Number of Renter-Occupied Units	Percentage of Renter- Occupied Units
1,034	63.2%	601	36.8%

Source: 2023 ACS 5-Year Estimates Subject Tables – S2504 Physical Housing Characteristics for Occupied Housing Units²³

Public Housing, HUD-Assisted Housing, and Other Affordable Housing

Public housing serves as a critical resource for low-income households, providing affordable and stable housing options. Understanding the extent of disaster-related damage to public housing infrastructure, as well as the challenges faced by public housing residents during recovery, is essential to ensuring a comprehensive approach to disaster recovery planning.

The Sullivan Housing Authority is the only public housing agency in Sullivan, with a total of 247 units that include both Section 8 and public housing managed by SHA. Fifty-five percent of SHA clients have incomes below 30% of AMI (\$38,000 annually), 97 are senior households and 53 are people with disabilities. The majority of publicly assisted housing in Sullivan including units for seniors and families are located north and east of the main path of the tornado and experienced no damage. Ruth House provides transitional housing to 15 women for 6-8 months and is located in just north of the path of the March 31, 2023 tornado. Also in close proximity to the area most impacted are the Four Rivers Assisted Living and Maple Park apartments (LIHTC). Sullivan City staff leadership indicated that none of these publicly supported housing units were physically impacted by the tornado, however, utilities disruptions were present across the community.

Table 10 – The HCV, LIHTC, and Public Housing Units for the City of Sullivan

Municipality	Total Publicly Assisted Units	Total Impacted HCV Units*	Total LIHTC Units	Total Impacted LIHTC Units	Total Public Housing Dwelling Units	Total Impacted Public Housing Dwelling Units
Sullivan	247	0	36	0	211	0

Source: HUD Open Data, Accessed March 2025.

²³ Source: [Year Structure Built – Sullivan City, IN](#). U.S. Census Bureau. 2023

Housing Disaster Damage and Impacts

The March 31, 2023 tornado and severe storms impacted housing within Sullivan City and County, exacerbating existing challenges – such as affordability and supply – and introduced new obstacles for residents. The impact of the storm was catastrophic for the southernmost neighborhood along the path of the tornado, with many households experiencing complete loss and devastation, and the community as a whole forever impacted by the enormity of the damage which included loss of life, property and feeling of safety. Although FEMA assistance was provided for some qualifying households, and other households eventually were eligible for philanthropic donations for home repair or replacement, the long term timing of assistance resulted in many low to moderate income households using their own savings to make homes habitable impacting future financial stability and security according to stakeholders interviewed for this assessment. United Way of Wabash Valley, for example, created a fund dedicated to housing repair and replacement, however there were limits on how many households could be assisted due to the funding being available after households had made the requisite repairs and IRS rules that do not allow reimbursements. Many residents also left the area. Stakeholders interviewed indicated that many empty lots remain that have not been replaced and homes needing rehabilitation.

FEMA Individual Assistance Data

The FEMA Individual Assistance (IA) Program is the primary basis for establishing housing unmet recovery needs for CDBG-DR grantees. The data from this program captures information about applicants who register for assistance from FEMA. However, some households do not register with FEMA, leaving a gap between the impact reflected in the data and the true impact of the disaster. Despite these limitations, it is the best data source for identifying individual and household disaster unmet needs for housing recovery and where possible is bolstered with local knowledge of the damage as provided by government staff and nonprofit service providers interviewed for this assessment. The following section therefore provides an overview of the city's housing impacts as a result of the March 31, 2023 tornado and severe storms. In the City of Sullivan, a total of 188 households registered for FEMA IA assistance, including 147 owner-occupied households and 18 rental households.

Table 11 – The FEMA IA Owner-Occupied Overview

City	# of Applicants	# of Inspections	# Inspected with Damage	# Received Assistance	Total FEMA Estimated Damage	Average FEMA Verified Loss
Sullivan	147	64	45	31	\$5,190,490	\$35,309
Carlsle	6	6	3	3	\$11,822	\$1,970
Dugger	4	1	1	1	\$236	\$59
Farmersville	7	3	1	1	\$2,259	\$322
Jasonville	1	1	0	0	\$0	\$0
Merom	4	2	1	1	\$13,319	\$3,329
Shelburn	6	5	2	1	\$12,145	\$2,024

Source: Open FEMA Individual Assistance Valid Registrant Dataset accessed March 30, 2025⁵¹

Table 12 – The FEMA IA Rental Tenants Overview

City	# of Applicants	# of Inspections	# Inspected with Damage	# Received Assistance for Damage	Total FEMA Verified Property Loss	Average FEMA Verified Amount
Sullivan	41	29	4	4	\$63,554	\$15,888

Source: Open FEMA Individual Assistance Valid Registrant Dataset as of March 31, 2025.⁵²

Table 13 shows FEMA IA applicants by housing type for all of Sullivan County. The highest number of applications came from applicants with a residence type classified as housing/duplex units (69), and mobile home units (10). House/duplex units accounted for 80% of all FEMA IA applicants in Sullivan County.

Table 13 – The FEMA IA Applicants by Housing Type

Residence Type	# of Owner-Occupied	Owner-Occupied % of Type	# of Rentals	Renter Occupied % of Type	Total # of Applicants	Unit Type % of Total
Apartment	0	0.00%	3	100%	3	3.5%
House / Duplex	56	81.1%	13	18.8%	69	80.2%
Mobile Home	8	80%	2	20%	10	11.6%
Travel Trailer	2	100%	0	0%	2	2.3%
Townhouse	2	100%	0	0%	2	2.3%
Total	68	45.71%	18	54.15%	86	100%

Source: Open FEMA IA Valid Registrant Dataset as of March 31, 2025

The HUD AAN outlines the following damage categories by owner-occupied and rental units: FEMA Inspected Owner Unit:

- **Minor-Low:** Less than \$3,000 of FEMA inspected real property damage.
- **Minor-High:** \$3,000 to \$7,999 of FEMA inspected real property damage.
- **Major-Low:** \$8,000 to \$14,999 of FEMA inspected real property damage.
- **Major-High:** \$15,000 to \$28,800 of FEMA inspected real property damage.
- **Severe:** Greater than \$28,800 FEMA inspected real property damage or determined destroyed.

FEMA Inspected Owner Units – Personal Property:

- **Minor-Low:** Less than \$2,500 of FEMA inspected personal property damage.
- **Minor-High:** \$2,500 to \$3,499 of FEMA inspected personal property damage.
- **Major-Low:** \$3,500 to \$4,999 of FEMA inspected personal property damage or 1 to 3.9 feet of flooding on the first floor.
- **Major-High:** \$5,000 to \$9,000 of FEMA inspected personal property damage or 4 to 5.9 feet of flooding on the first floor.
- **Severe:** Greater than \$9,000 of FEMA inspected personal property

damage or determined destroyed and/or 6 or more feet of flooding on the first floor.

FEMA Inspected Rental Units:

- **Minor-Low:** Less than \$1,000 of FEMA inspected personal property damage.
- **Minor-High:** \$1,000 to \$1,999 of FEMA inspected personal property damage or determination of “Moderate” damage by the FEMA inspector.
- **Major-Low:** \$2,000 to \$3,499 of FEMA inspected personal property damage or 1 to 3.9 feet of flooding on the first floor or determination of “Major” damage by the FEMA inspector.
- **Major-High:** \$3,500 to \$7,500 of FEMA inspected personal property damage or 4 to 5.9 feet of flooding on the first floor.
- **Severe:** Greater than \$7,500 of FEMA inspected personal property damage or determined destroyed and/or 6 or more feet of flooding on the first floor or determination of “Destroyed” by the FEMA inspector.

The following tables provide a breakdown of FEMA IA applicants:

Table 14– FEMA Real Property Damage Owner-Occupied Units

City	Units with Minor-Low	Units with Minor-High	Units with Major-Low	Units with Major-High	Units with Severe	Total
Sullivan	2	4	2	2	15	25
Carlysle	1	2	0	0	0	3
Merom	0	0	1	0	0	1

Source: Open FEMA IA Valid Registrant Dataset as of March 31, 2025.

Rental units by HUD damage category are shown in *Table 10*. Through FEMA IA, renters are eligible to apply for monthly rental assistance and to replace damaged or destroyed personal property. FEMA does not inspect rental properties for real property damage, so the damage estimate of the rental units is based on the HUD-defined personal property amount by damage category.

Table 15 – FEMA Real Property Damage Rental Units

City	Units with Minor-Low	Units with Minor-High	Units with Major-Low	Units with Major-High	Units with Severe	Total
Sullivan	3	2	0	4	2	11

Source: Open FEMA Individual Assistance Valid Registrant Dataset as of March 31, 2025

Damage Assessment and Real Property FEMA Verified Loss

FEMA inspections are used to verify losses related to real and personal property. The findings from the FEMA inspection establish the FEMA-Real Property FEMA Verified Loss (RPFVL) amount, defined as the total dollar amount of IA eligible disaster-caused damage to real property as verified by FEMA. After the FVL is determined, FEMA may reduce the amount by losses covered in whole or in part by insurance to determine award amounts. Although the total inspected damage by FEMA for all initial applicants was \$5,190,490, damage after accounting for insurance resulted in a lower estimate of \$3,019,029.

Table 11 provides the total number of IA applicants with RPFVL, total RPFVL identified by FEMA, and average RPFVL per applicant within Sullivan County.

Table 16– FEMA IA Applicants with RPFVL, Total RPFVL, and Average RPFVL

Estimated IA Applicants with RPFVL	Estimated Total RPFVL	Average RPFVL per Applicant
29	\$3,019,029	\$104,104

**Average RPFVL of all IA applicants with RPFVL.*

Source: Open FEMA IA Valid Registrant Dataset as of March 31, 2025

Homeowners Insurance Coverage

Insurance is a vital tool for disaster recovery, helping households rebuild and recover following catastrophic events. Homeowners insurance is essential for providing financial protection against property damage. However, data reveals significant gaps in coverage leaving many households financially vulnerable. Of the 69 owner households analyzed, 26 households, only 62%, reported coverage, as shown in *Table 13 below*. Households earning less than \$30,000 per year represent the largest share of uninsured

households, followed by households earning \$30,001–\$60,000. This lack of coverage places these households at heightened risk of financial hardship in the event of a disaster.

The data also indicates that insurance coverage is strongly correlated with income. Among households earning over \$60,000, 75% had homeowners insurance, leaving 25% uninsured. Conversely, for those earning under \$30,000, only 56% had coverage, while 44% remained uninsured, highlighting disparities in financial protection against disasters.

Extremely low-, very low-, low-, and moderate- income brackets households often lack the financial resources of higher-income groups while also being ineligible for many low-income assistance programs, leaving them particularly vulnerable. Efforts to address this gap through targeted outreach and assistance programs could significantly improve financial protection for these households.

Table 17 – *The Number of Owner-Occupied Units with and without Homeowners Insurance*

Income Category	Units With Homeowners Insurance	Percentage of Total With Homeowners Insurance	Units Without Homeowners Insurance	Percentage of Total Without Homeowners Insurance
Zero or No Stated Income	11	92%	1	8%
<\$15,000	0	0%	5	100%
\$15,000-\$30,000	4	40%	6	60%
\$30,001-\$60,000	14	58%	10	42%
\$60,001-\$120,000	12	75%	4	25%
\$120,001-\$175,000	1	100%	0	0%
>\$175,000	1	100%	0	0%
Total	43	62%	26	38%

Source: Open FEMA IA Valid Registrant Dataset as of March 31, 2025

Small Business Administration Loans

The Small Business Administration (SBA) provides low-interest, long-term disaster loans to homeowners and renters to repair or replace **uninsured** or **underinsured** disaster-damaged property. These loans, which offer up to \$500,000 for real estate repairs and \$100,000 for

personal property, are a crucial resource in disaster recovery, offering financial support when

other forms of assistance fall short. Interest rates are capped at 4%, with repayment terms of up to 30 years. *Table 13* shows the number of loan applications received, approved, and the total disbursements for applicants in Sullivan County associated with FEMA Disaster 4704.

Table 18 – Total SBA Home Loans

FEMA 4704	Applications	# Approved	SBA Verified Damage	Total Disbursed
Sullivan County	12	5	\$6,492,690	\$1,470,000

Source: SBA Disaster Loan Data, April 2025.

2.4.2. Summary of Housing Unmet Need

Table 19 provides a summary of housing losses in Sullivan County using data from FEMA IA applicants, and SBA approved loans. These figures follow HUD's Methods for Estimating Serious Unmet Needs for Housing, as outlined in the HUD AAN.²⁴ To match HUD's approach, all

FEMA IA applicants with damage to owner-occupied homes are included in the housing loss

summary. According to HUD requirements, If there is a match of fewer than 20 SBA inspections to FEMA inspections within individual damage categories for an individual disaster, the following multipliers are used for tornado damage which are based on the 2020/2021 disaster years: \$52,962 for major-low, \$82,582 for major-high. FEMA inspected Real Property Value Loss was higher for severe damage than the HUD multiplier, and therefore the higher damage estimate was used. CDBG-DR allows communities impacted by disaster to not only recover from the damage incurred

²⁴ Source: [Allocations for Community Development Block Grant Disaster Recovery and Implementation of the CDBG-DR Consolidated Waivers and Alternative Requirements Notice \(UN AAN\)](#), 90 FR 4759. U.S. Department of Housing and Urban Development. 2025

restoring to pre-disaster inventory, but also to consider intentional planning and projects that improve upon the housing landscape that existed. The City of Sullivan has envisioned rebuilding the neighborhood that was most heavily impacted with a distinct identity that honors both the history of the neighborhood, and acknowledges the devastation experienced by the community, integrating affordable housing including homeownership opportunities with improved community amenities. The City has 2 programs currently in development to fulfill this goal: **Homes of the Future** which includes development incentives and seed funding to partner with available local building programs, and a **Home Repair/Reconstruction Program** grant program to assist households impacted by the tornado with home repairs and rebuilding costs. Additionally, the City has identified infrastructure needs to support housing development referenced in the infrastructure section of this assessment.

Table 19 – A Summary of Housing Losses, All Towns in Sullivan County

Data	Households/ Units	Average Real Property Loss	Source of Average Real	Estimated Total Loss
Minor-Low Damage to FEMA IA Applicants (All Home Types)	3	\$1,113	FEMA IA Value of Real Property Damage	\$3,340
Minor-High Damage to FEMA IA Applicants (All Home Types)	6	\$5,103	FEMA IA Value of Real Property Damage	\$30,619
Major-Low Damage to FEMA IA Applicants (Single Family & Duplex Units)	3	\$52,961	HUD Federal Register Notice Multiplier for Tornado	\$158,883

Major-Low Damage to FEMA IA Applicants (Mobile Home Units)	1	\$8,656	HUD Federal Register Notice Mobile Home Multiplier	\$77,058
Major-Low Damage to FEMA IA Applicants (Apartment, Condo, Townhouse, and Other Unit Types)	0	\$NA	FEMA IA Value of Real Property Damage	\$NA

Major-High Damage to FEMA IA Applicants (Single Family & Duplex Units)	1	\$82,582	HUD Federal Register Notice Tornado Multiplier	\$82,582
Major-High Damage to FEMA IA Applicants (Mobile Home Units)	1	\$98,463	HUD Federal Register Notice Mobile Home Multiplier	\$98,463
Major-High Damage to FEMA IA Applicants (Apartment, Condo, Townhouse, and Other Unit Types)	0	\$NA	FEMA IA Value of Real Property Damage	\$NA
Severe Damage to FEMA IA Applicants (Single Family and Duplex Units)	12	\$209,762	FEMA IA Value of Real Property Damage	\$2,517,150
Severe Damage to FEMA IA Applicants (Mobile Home Units)	3	\$134,834	HUD Federal Register Notice Mobile Home Multiplier	\$404,502

Severe Damage to FEMA IA Applicants (Apartment, Condo, Townhouse, and Other Unit Types)	0	\$N/A	FEMA IA Value of Real Property Damage	\$N/A
FEMA IA Applicant Damage Subtotal	29			
Total Estimated Housing Loss for FEMA Eligible Applicants Only				\$3,372,597

Table 20 – Total Housing Unmet Need

Data	Total
Total Damage Estimate for FEMA Inspected	\$3,372,597
Total FEMA Housing Assistance Provided	(\$1,045,002)
Total Damage Estimate for SBA Inspected	\$6,492,690
Total Loans Approved and Dispersed	(\$1,470,000)
FEMA IA Applicant Approved for SBA loan	(\$225,207)
Philanthropic assistance provided through the Wabash Valley Community Foundation	(\$983,555)
Total Housing Unmet Need	\$6,141,523

Note: One FEMA IA Applicant was approved for SBA, and therefore the loss value would have been included in both the FEMA RPVL estimate and the SBA damage loss estimate and was therefore removed.

Note 2: Wabash Valley Community Foundation had 189 cases of households requesting repair/replace assistance, 36 cases remain open.

2.4.3. Infrastructure

The City and County of Sullivan are currently preparing a 5-year update to the Sullivan County Hazard Mitigation Plan and are identifying remaining needs associated with the tornado damage, including repairs to infrastructure that will facilitate the long term economic recovery of the area and support the housing needs of the City of Sullivan. This assessment identifies remaining recovery needs that have not been addressed by other funding sources, helping to determine the most effective use of CDBG-DR funds for infrastructure recovery, restoration, and resilience.

Infrastructure Profile

Water Supply

Indiana American Water owns the water utility for the City of Sullivan. More information on any damage and impacts is in progress.

Storm Water Management

The City of Sullivan's stormwater management system mitigates flooding and protects water quality across the City. The City maintains the catch basins, manholes, culverts, open channels, rain gardens and open channels in public right of ways. Sullivan is a Combined Sewer Overflow community, so stormwater plays a critical role in storm events.

Public Facilities

The City owns and maintains over 25 facilities throughout the city that range from City administrative offices to maintenance and public safety facilities to parks and recreational facilities. Many of the City's public facilities were damaged in the tornado. Some of the facilities still remain damaged. The worst damage to public facilities occurred at the municipal pool, shelter house and band shell.

Transportation

The City's transportation infrastructure supports mobility, economic vitality, quality of life and connects different neighborhoods and amenities with the city park and downtown economic core. The City has miles of sidewalks and an 8-Phase Trail Plan that have all been negatively impacted. Major roads or highways near the city are US HWY 41, State Route 54 and State Route 154. Sullivan is also 25 miles south of Interstate 70.

Infrastructure Disaster Damage and Impacts

The City of Sullivan experienced a wide range of damage to numerous public infrastructure assets due to the March 2023 tornado. This damage includes but is not limited to:

- City Park Pool
- City Park Shelter
- City Park recreational basketball and pickleball courts
- City Park main thoroughfare (road)
- Streets, sidewalks and curbs due to heavy equipment for debris cleaning
- Stormwater infrastructure due to large debris
- Trail/Greenway
- Sports Complex parking lot due to heavy equipment and debris
- Sports Complex fields

The City of Sullivan's normal operations were put on hold for almost a year as the community dealt with the aftermath, clean up and recovery of the tornado. Since many public facilities were inoperable or being used in recovery efforts, numerous public and community events had to be cancelled or postponed. The toll the cleanup efforts took on city equipment (street sweeper, sewer truck etc.) was severe, leading the City to have to replace these critical, yet necessary and expensive assets. Additionally, many curbs, gutters, streets and sidewalks were damaged or destroyed due to the extensive debris clean up and required use of heavy equipment. With debris sites being located in the city park and the sports complex, the infrastructure within and leading to were heavily damaged and are still in visible disrepair. The stormwater system was impacted due to the large amount of heavy debris that entered the systems. Currently there are still homes that later end caps were not replaced, damaging the system even further.

The economic impact of this disaster is immeasurable. With many of the City's public facilities being damaged or used for recovery purposes, events were cancelled. Numerous businesses had to either shut down or shift their priorities to assist with recovery, donating supplies, meals, profits or time. Over 230 families were impacted while over 30 families were displaced and transported to Terre Haute, many without transportation, further enhancing the economic damage to the City of Sullivan and its business community.

Total Cost and Need by FEMA PA

The Public Assistance (PA) Program is administered by FEMA and is managed at the state level by The Indiana Department of Homeland Security. As a reimbursement-based program with cost-share requirements, FEMA may reimburse approved

applicants up to 75% of eligible costs. On December 6, 2024, the federal cost share was increased to 90%.

Project data that was claimed under FEMA PA is listed in the table below. *Table 18* provides a breakdown of FEMA PA projects and costs distributed by PA Category within Sullivan County. Categories A and B are excluded from *Table 16* as HUD does not permit CDBG-DR funds to be used for damages identified under these categories. These costs comprised the majority of FEMA PA support for Sullivan City and County with Category A – Debris costs total an estimated \$1,625,969 and Category B – Emergency Measures costs total an estimated \$47,748. Stakeholder interviews revealed that debris removal is still needed at 2 sites on private land in the County that is blocking water in adjacent creeks. Stakeholders also indicated that the process of debris removal exacerbated damage caused by the tornado particularly to water systems.

Table 21 – The Total Estimated Non-Federal Cost Share by FEMA PA Category C-G

PA Category	Estimated Total Project Cost (Federal and Non- Federal Share)	Estimated Federal Cost Share (90%)	Estimated Non-Federal Cost Share (10%)
C – Roads and Bridges	\$8,663	\$6,497	\$2,166
D – Water facility-related	\$No FEMA data available	\$	\$
E – Building and Equipment	\$5,000	\$3,750	\$1,250
F – Utilities*	\$237,043	\$177,782	\$59,261
G – Parks, Recreation Facilities and Other	\$7,199	\$3,499	\$3,700
Z-Management	\$96,581	\$96,581	0
Total	\$354,486	\$288,109	\$66,377

Source: Data Compiled by the State of Indiana Office of Community and Rural Affairs (OCRA), Root Policy Research.

**The City and County are currently identifying additional infrastructure related damages eligible under State and federal grant programs. The estimated costs of projects that are known so far are included in the unmet needs related to Standalone Projects..*

Total Cost and Need for Standalone Projects

During the development of this UNA, the City of Sullivan compiled cost estimates for non-FEMA PA projects to support the long term recovery from the March 31, 2023 tornado that had devastating impacts on the economic stability and trajectory of the community. Projects include public facilities, roads, and water facility repairs. The City and County of Sullivan are currently reviewing all infrastructure damages to determine eligibility for State and federal grant programs through the 5 year update to the Sullivan County Hazard Mitigation Plan. As the process is in its early stages, additional information will be provided as it becomes available, such as engineering and design documentation and other funding opportunities. The City and County of Sullivan will continue to explore other programs, reserving CDBG-DR for needs that cannot be met by other federal funding sources.

Table 22 – Standalone Projects and Related Unmet Need

Standalone Infrastructure Projects	Estimated Unmet Need (\$)
Construction of Emergency Shelter/Community Center	\$1,300,000
Upgrade and Expansion of Recreational Court	\$ 50,000
Youth Sports Complex Parking Lot Repair	\$ 200,000
Stormwater Management & Drainage Improvements, repair to water systems due to storm debris removal, stormwater/wastewater lateral end cap replacement from storm	\$TBD
Curb, gutter and sidewalk repair from storm damage in 8 block radius of most impacted area, street signage	\$4,000,000
Blight elimination and site preparation for housing	\$2,000,000

Source: Information collected during the consultation process with City municipal leadership and staff.

2.4.4. Summary of Infrastructure Unmet Need

Table 23 – A Summary of Infrastructure Unmet Need by Program

Infrastructure Unmet Need by Program	Estimated Unmet Need
PA (Cat C-G) Non-Federal Cost Share*	\$66,377
Standalone Projects	\$6,550,000
Total Unmet Need	\$7,616,377

The CDBG-DR allocation includes a set-aside of \$1 million. for mitigation activities. Mitigation activities are defined by HUD as those activities that increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship by lessening the impact of future disasters. The City's planning department will integrate mitigation measures into the project design wherever cost-effective risk reduction can be achieved. The City will develop program guidelines describing how mitigation measures will be implemented in the applicable Infrastructure Program projects.

2.4.5. Economic Revitalization

Profile

Sullivan County comprises several small rural towns each with a unique opportunity for employment, community connection and economic activity. Countywide, the top employers include:

1. Raybestos Powertrain Llc (Sullivan)
2. Hoosier Energy Rural Elec Co (Sullivan)
3. Sullivan County Community Hosp (Sullivan)
4. Walmart (Sullivan)
5. Sullivan High School (Sullivan)
6. Peabody Energy Corp (Sullivan)
7. Mc Donald's (Sullivan)
8. News Channel 2 Wtwo (Farmersburg)
9. Baesler's Market (Sullivan)
10. Waters Of Sullivan (Sullivan)

Small Business Overview

Small businesses are a critical component of daily life providing essential goods and services, while connecting residents and contributing to each town's sense of community. According to census data, Sullivan County had 322 established businesses; the majority of which could be classified as "small business". These businesses are critical to providing the quality of life and community amenities that make Sullivan unique and include a wide variety of professional services and products.

Retail, Creative, and Outdoor Economy

With over 26,000 acres of publicly accessible recreational grounds, Sullivan County, Indiana has earned the name "HOME OF OUTDOOR RECREATION." Ideally located in beautiful southwestern Indiana, Sullivan County offers many outdoors activities including fishing and camping, boating, horseback riding, kayaking, and hiking. Sullivan has a number of small businesses that cater to tourists including an art gallery, a winery and brewery offering wine tastings, and a wide selection of unique antique shops clustered in the quaint downtown City of Sullivan. The City of Sullivan is also home to the Sullivan County History Museum. Prior to the devastating tornado event, the City had nearly closed on a hotel investment to accommodate additional tourism to the area which fell through due to the disaster.

Local Economy Damage and Impacts

The Tornado That Shook a City: The Economic and Social Impact of the March 31, 2023, Sullivan Tornado

Friday, March 31, 2023, will forever echo in the collective memory of Sullivan, Indiana. That evening, a devastating EF-3 tornado ripped through the south side of the city, leaving behind a trail of destruction that brought the community to a standstill. More than a year later, the storm's traumatic impact—economically, municipally, physically, spiritually, and emotionally—still reverberates throughout the city.

A Community Uprooted

The tornado didn't just destroy buildings—it tore through the very soul of Sullivan. Entire neighborhoods were leveled. Families were displaced. Lives were lost. And while the physical destruction was immense, the emotional toll was immeasurable. What unfolded in the minutes after impact would shape months and years of recovery.

Economic Devastation

Though only six businesses were directly destroyed in the tornado's path, the ripple effects stretched across Sullivan's entire small business ecosystem—nearly 100 in total.

- **Diamond Barbecue**, a beloved, decades-old establishment on Sullivan's south side, was heavily damaged. While it remained structurally intact, surrounding road closures, ongoing volunteer and emergency activity, and general disruption severely impacted their operations and revenue for weeks.
- **Our Father's Arms**, a vital mission center that served not just Sullivan but the broader region, was completely destroyed. A hub for relief, aid, and spiritual comfort, it had provided support to thousands over the years. Its loss was deeply symbolic—Sullivan's center of hope was itself in need of saving. A new building had to be constructed from scratch. The data cannot quantify the lives left in limbo without its services for several months.
- **Southside Liquors**, a long-standing business since the 1960s or '70s, was reduced to rubble. The entire inventory was lost, and its employees were displaced—an economic loss estimated in the hundreds of thousands of dollars.
- **The Sullivan VFW Post**, a cornerstone of the veteran community, was another total loss. In one of the storm's most surreal moments, a retired Vietnam-era helicopter displayed above the building was torn from its mount and flung several blocks east—found destroyed, a haunting metaphor for the gravity of the event.
- **A Southside Trucking Company**, a multi-decade operation integral to Sullivan's commercial corridor, saw its building and equipment destroyed. It represented not just commerce, but decades of local employment and economic circulation.
- **Cross Your Heart / Studio 34**, a childcare, preschool, and dance studio located near the city park and pool, was also completely destroyed. It had once been filled with laughter, joy, and movement. Its loss left dozens of parents without childcare,

impacting their ability to work and forcing them to find alternative—and often costly—arrangements. The city estimates the financial impact of this loss alone to be over \$1 million.

The Greater Municipal Impact

The devastation wasn't limited to structures. The city itself stood still. Power was out for days. Roads were blocked. Resources were diverted. And the city's heartbeat—its people—were forced into survival mode.

Local businesses, despite suffering themselves, stepped up. Sullivan Coin Laundry and Soapy Joe's offered free laundry services. Grocery stores and restaurants donated food. Strangers became neighbors. But the economy paused. The City of Sullivan estimates the collective loss in business revenue from this storm in the millions.

A Lost Opportunity

At the time of the tornado, the City of Sullivan was in the final stages of closing on a \$10 million hotel project set to break ground in October 2023. That deal fell through. Time, focus, and resources had to be reallocated toward immediate disaster recovery. Hundreds of thousands of dollars in potential city tax revenue were lost, and approximately \$100,000 per year in lost innkeeper's tax for Sullivan County's tourism economy. Additionally, a number of other projects were put on hold due to the necessity of shifting financials and inability to move forward. The City's liability insurance had to be utilized resulting in an increase to the City's overall insurance premiums moving forward.

The Spirit of Recovery

What numbers cannot express is the resilience of Sullivan's people. Churches of all denominations, civic leaders, volunteers, and neighbors came together to help those in need. Homes are being rebuilt. Community spaces are being reimaged. Hope is returning—but the road remains long. This was more than a weather event. It was a reckoning. It was a reminder of the fragility of what we build and the strength of who we are. The Sullivan Tornado of March 31, 2023, was a tragedy—but also a testament to the enduring spirit of a community that refuses to be defined by destruction. As part of its comprehensive long-term recovery planning, the City of Sullivan has envisioned the development of a small business grant program with \$1 million in funding to help revitalize small businesses impacted by the tornado.

Data from the Small Business Administration shows the number of applicants, approvals, and amount disbursed to small business owners and is shown in Table 24 below.

Table 24 – *SBA Applications for Real Estate Loss and Economic Recovery: All Counties in FEMA 4704-DR*

Loan Type	# Applications	# Approved	Total Damage Estimate	Total Disbursed
Small Business	12	5	\$2,780,870	\$524,200

Note: Applications that are “under review” were counted as not approved and are not included in the total disbursed for this assessment. Per SBA, however, these loans might actually be approved but have requested limit increases that are pending approval.

2.4.6. Summary of Economic Recovery Unmet Need

HUD uses a categorization method for determining economic recovery unmet needs. This method requires a calculation of damage to real estate (repair, rebuild, relocate) and contents (machinery, furniture, inventory), with each SBA application classified into one of five categories based on their respective damage estimates. According to HUD guidelines, if a property loses \$30,000 or more in real estate and contents, the unmet needs for small businesses must be estimated by multiplying the middle damage estimates for the categories below by the number of small businesses that were denied an SBA loan. As only 12 businesses in Sullivan County applied for SBA assistance, 1 was denied, 6 are still pending, and all had verified losses exceeding \$100k, this method was not used to calculate unmet need. Alternatively, unmet need for Sullivan County was calculated as total SBA inspected loss for real estate and contents, less the total amount of loans dispersed. The difference between the amount of SBA verified loss and the amount dispersed was used as applications that are currently pending could ultimately be declined or reduced.

Table 25 – *SBA Derived Impact and Unmet Needs for Businesses*

SBA Category Description	Count	Value in \$
Approved applicant real property loss	5	\$958,780
Declined/Under Review applicant real property loss	6	\$1,148,988

Approved applicant business contents loss	3	\$410,246
Declined/Under Review business contents loss	6	\$262,270
Total applicants & verified real property and business contents loss	12	\$2,780,780
Total Loans Approved	5	\$524,200
Unmet Economic Recovery Need		\$2,055,397

3.

Mitigation Needs Assessment

3. Mitigation Needs Assessment

The Mitigation Needs Assessment is a risk-based assessment that outlines the natural threats and other hazards of interest present in the most impacted and distress area identified by HUD and the State because of the 2023 disaster. This assessment was carried out to guide the allocation of the state's 15% CDBG Mitigation set-aside and to integrate resilience and mitigation strategies into recovery programs and projects funding in the designated MID area.

This assessment encompasses not only natural hazards such as severe storms, straight-line winds, and tornadoes but also hazard of interest including technological, human-caused, or social hazards that could impact the MID area. These hazards were recognized in Indiana's 2024 FEMA-approved Multi-Hazard Mitigation Plan (HMP) and the 2019 FEMA-approved Sullivan County Multi-Hazard Mitigation Plans.

In addition to evaluating current hazards faced by this designated MID area, the Mitigation Needs Assessment also considers potential future threats, especially as severe weather events become increasingly common and intense. This proactive approach allows the state to reduce vulnerabilities to the effects of future extreme events through its recovery and mitigation initiatives. The assessment will serve as the foundation for proposing programs and projects that will address both current and future hazards. Additionally, it will guide all projects funded through CDBG-DR to ensure they do not worsen existing natural hazard threats and optimize limited recovery and mitigation resources. Ultimately, the goal is to foster a more resilient long-term recovery by diminishing or eliminating the long-term risk of loss of life, injury, property damage, and suffering resulting from future disasters.

The information and data collected for this assessment originate from the State of Indiana's 2024 Multi-Hazard Mitigation Plan (HMP), the 2019 Sullivan County Multi-Hazard Mitigation Plans and the FEMA National Risk Index. These HMPs are accessible on the Office of Community and Rural Affairs website at <https://www.in.gov/ocra/cdbg/> and the FEMA National Risk Index can be found at <https://hazards.fema.gov/nri/map>.

3.1. State Multi-Hazard Mitigation Plan (HMP)

The 2024 Indiana State Hazard Mitigation Plan (HMP) examines a variety of natural hazards that present risks to the state, along with the mitigation strategies identified to be implemented in Indiana.

The risk-based assessment reviews the disasters that have affected the state, pinpointing high-risk communities and vulnerable areas while also investigating emerging threats. The HMP serves as the foundation for encouraging local jurisdictions to implement effective mitigation strategies and initiatives, enabling the state to offer technical support and funding opportunities to help counties enhance their resilience against the 23 identified hazards.

The hazards highlighted in the HMP represent the most significant threats and risks to the state and its counties, encompassing natural, human-caused, and technological events. A total of 23 hazards were analyzed, consisting of 11 natural hazards and 12 additional hazards of interest, including technological, human-caused, and social factors. Table 26 offers a detailed breakdown of the evaluated hazards.

Table 26- Hazards Studied²⁵

Category	Subcategory	Hazards
Natural Hazards	Hydrological	Floods (including Fluvial Erosion Hazards)
	Meteorological	Severe Weather, Tornadoes, Extreme Temperatures, Winter Storms, Drought
	Geological	Earthquakes, Ground Failure (subsidence)
	Structural	Dam and Levee Failure
	Environmental	Wildfire, Hazardous Material Release
Technological, Human-Caused, or Social Hazards	Health & Biological	Diseases, Environmental Harmful Organisms
	Cyber & Infrastructure	Cyberattack and IT Failure, Public Utility Failure
	Fire & Structural	Structural Fire, Arson
	Transportation & Security	Transportation Incidents, Active Assailant, Hostage Situations, Terrorism, CBRNE Attack
	Civil & Social	Civil Disorder/Civil Unrest

The state performed a comprehensive Threat Hazard Identification and Risk Assessment (THIRA) at the state level to categorize hazards as high, moderate, or low risk, based on their likelihood and potential impact. Figure 7 depicts the guidelines that the state followed to evaluate the hazard prioritization of the 23 assessed hazards.

²⁵ Polis Center, & Indiana Department of Homeland Security. (2024). 2024 State of Indiana standard multi-hazard mitigation plan. Retrieved from <https://www.in.gov/dhs/files/indiana-state-hazard-mitigation-plan-2024.pdf>

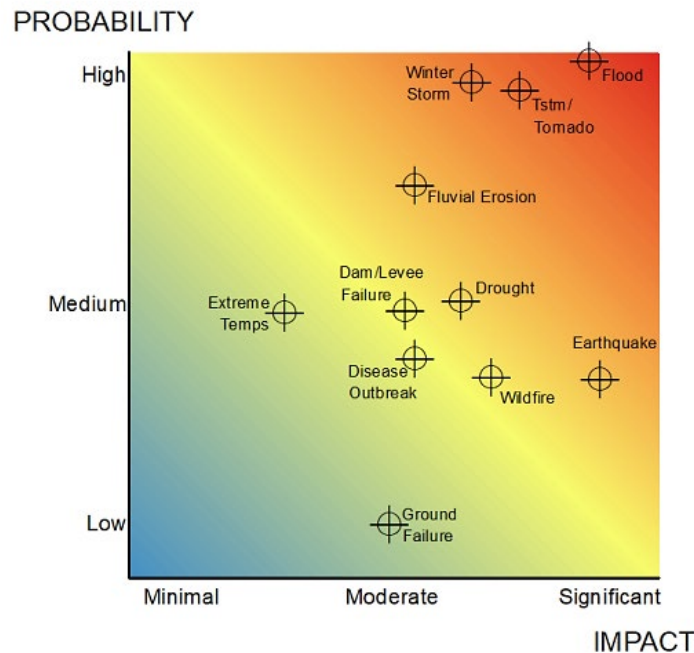
Figure 7- Guidelines for Hazard Prioritization²⁶

PROBABILITY		IMPACT	
Low	Event is probable within the next 10 years	Minimal	<ul style="list-style-type: none"> Local jurisdiction is able to effectively respond with standard mutual aid support Local medical services are able to manage volume of injuries and fatalities Limited evacuations and sheltering required Loss of public utilities, government, and social services for up to 24 hours Response operations lasting up to 72 hours may be required
Medium	Event is probable within the next 5 years	Moderate	<ul style="list-style-type: none"> Local jurisdiction is unable to effectively respond without significant mutual aid support and state assistance Local medical services unable to manage number of injuries and fatalities. Patients require transportation to outside areas Local area evacuations, shelter, and care of displaced residents and medical patients Loss of public utilities, government, and social services for up to 2 weeks Response operations lasting up to 2 weeks may be required.
High	Event is probable within the calendar year	Significant	<ul style="list-style-type: none"> Local jurisdiction is overwhelmed and unable to effectively respond to the hazard. Complete loss of communications. Massive state and federal response required. Local medical services unable to manage the volume of injuries and fatalities. Mass evacuation, sheltering and care of displaced citizens required. Loss of public utilities, government, and social services for 30 days or more. Response operations lasting up to 30 days may be required.

Figure 7 illustrates the state's overall hazard vulnerabilities on a risk grid. Each of the 23 hazards was assessed by subject matter experts who considered historical occurrences, mitigation measures, and identified vulnerabilities. The overall hazard risk is calculated by multiplying the probability by the impact. When assessing risk, it is crucial to consider both the probability and the potential impact.

²⁶ Polis Center, & Indiana Department of Homeland Security. (2024). 2024 State of Indiana standard multi-hazard mitigation plan. Retrieved from <https://www.in.gov/dhs/files/indiana-state-hazard-mitigation-plan-2024.pdf>

Figure 8- Hazards Risk Grid²⁷



The State's HMP outlines forty-nine strategies aimed at mitigating risks from natural hazards and enhancing the state's resilience. It also includes local-level mitigation strategies from various counties in Indiana, showcasing how communities are addressing specific hazards. For the purposes of this CDBG-DR Action Plan, only information relevant to the designated MID is included in Table #, which specifically highlights the top three mitigation strategies for Sullivan County, including the City of Sullivan.

Table 26- Sullivan County Top Three Mitigation Strategies²⁸

County	Hazard Type	Mitigation Strategy
Sullivan	Multiple	Propose and adopt ordinances related to International Building Codes, Floodplain Ordinances and Zoning regulations

²⁷ Polis Center, & Indiana Department of Homeland Security. (2024). 2024 State of Indiana standard multi-hazard mitigation plan. Retrieved from <https://www.in.gov/dhs/files/indiana-state-hazard-mitigation-plan-2024.pdf>

²⁸ Polis Center, & Indiana Department of Homeland Security. (2024). 2024 State of Indiana standard multi-hazard mitigation plan. Retrieved from <https://www.in.gov/dhs/files/indiana-state-hazard-mitigation-plan-2024.pdf>

	Multiple	Harden critical or public facilities to withstand severe wind damages
	Flood	Conduct detailed flood protection studies for problem areas and/or areas with repetitive flooding problems

3.2. Local Multi-Hazard Mitigation Plan (HMP)

The State of Indiana mandates that each county to create a local multi-hazard mitigation plan to identify various hazards such as natural disasters, technological risks, human-made threats, and social issues. MHMP Planning Committee examined several natural and technological hazards impacting Sullivan County, including the City of Sullivan.

Natural Hazards:

- Drought
- Earthquake
- Extreme Temperature
- Fire
- Flood
- Hailstorms, Thunderstorms, and Windstorms
- Land Subsidence/Landslides
- Snow Storms and Ice Storms
- Tornado

Technological Hazards:

- Dam/Levee Failure
- Hazardous Materials Incident

3.3. Risk Assessment and Future Hazard Analysis

Analysts used a modified Calculated Priority Risk Index (CPRI) to assess and rank hazards that could affect the City of Sullivan. This risk-based evaluation identifies both current and potential threats to the city. The CPRI assesses hazards based on their likelihood, severity, warning time, and duration. Table 27 offers a detailed breakdown of the CPRI components and their categories.

Table 27-: Calculated Priority Risk Index (CPRI) Components

Component	Component Definition	Category
Probability	This refers to the likelihood of a hazard occurring over a given	Unlikely (1): Possible, but not probable, within the next 10 years

	period and is categorized into 4 areas.	Possible (2): Probable within the next 5 years
		Likely (3): Probable within the next 3 years
		Highly Likely (4): Probable within the next calendar year
Magnitude/ Severity	This is defined by the extent of injuries, shutdown of critical infrastructure, property damage, and incident response duration. There are 4 categories.	Negligible (1): Few injuries OR critical infrastructure shutdown for 24 hours or less OR less than 10% property damaged OR average response duration of less than 6 hours
		Limited (2): Few injuries OR critical infrastructure shut down for more than 1 week OR more than 10% property damaged OR average response duration of less than 1 day
		Significant (3): Multiple injuries OR critical infrastructure shut down of at least 2 weeks OR more than 25% property damaged OR average response duration of less than 1 week
		Critical (4): Multiple deaths OR critical infrastructure shut down of 1 month or more OR more than 50% property damaged OR average response duration of less than 1 month
Warning Time	This is the length of time before the event occurs	More than 24 hours (1)
		12-24 hours (2)
		6-12 hours (3)
		Less than 6 hours (4)
Duration	This is the length of time the actual event occurs (excluding response or recovery)	Less than 6 hours (1)
		Less than 1 day (2)
		Less than 1 week (3)
		Greater than 1 week (4)

The CPRI is intended to assess the effects of one hazard relative to others within the community. Its scores aid in prioritizing mitigation strategies by providing a consistent evaluation of risk factors across various hazards. By applying numerical scores and corresponding weights, the City of Sullivan can effectively compare the risks from different

threats and determine its mitigation priorities. The CPRI values and their associated risk levels for each hazard in the City of Sullivan are detailed in Table 28.

Table 28- Hazard Assessment For The City Of Sullivan

Hazard	Probability	Magnitude/ Severity	Warning Time	Duration	CPRI
Drought	Possible	Significant	> 24 Hours	> 1 Week	Elevated*
Earthquake	Possible	Significant	< 6 Hours	< 1 Week	Elevated*
Extreme Temperature	Likely	Limited	> 24 Hours	< 1 Week	Elevated*
Fire	Likely	Limited	< 6 Hours	< 1 Week	Elevated*
Flood	Likely	Significant	12-24 Hours	< 1 Week	Elevated*
Hail/Thunder/ Windstorm	Possible	Limited	< 6 Hours	< 6 Hours	Elevated*
Land Subsidence/ Landslides	Likely	Significant	< 6 Hours	< 6 Hours	Elevated*
Snow/Ice Storms	Likely	Significant	12-24 Hours	< 1 Week	Elevated*
Tornado	Possible	Significant	< 6 Hours	< 6 Hours	Elevated*
Dam/Levee Failure	Unlikely	Negligible	> 24 Hours	< 6 Hours	Low
Hazardous Materials	Likely	Limited	< 6 Hours	< 6 Hours	Elevated*

**The "Elevated" CPRI ranking for several hazards indicates a significant need for ongoing mitigation efforts within the City.*

The information regarding each hazard is derived from the Sullivan County Multi-Hazard Mitigation Plan (HMP) update in September 2019. The risk-based assessment within the local HMP explores potential future impacts and vulnerabilities affecting both Sullivan County and the City of Sullivan. These factors may challenge the City's growth capacity and its ability to sustain existing service levels. As a result of this risk assessment, the following mitigation needs have been identified for each hazard affecting both Sullivan County and the City of Sullivan.

Drought

Drought vulnerability is deemed significant, particularly affecting the City of Sullivan due to land use patterns and shared water resources. The impact is heightened by firefighting water demands, with surface water dependency creating additional risk. Future projections indicate that while annual precipitation may increase, seasonal variations could lead to more frequent short-term droughts. Urban expansion will require standardized protocols for burn bans and water usage advisories, with indirect impacts potentially including reduced business income and increased emergency response demands.

Earthquake

Earthquake risk carries an elevated CPRI rating with significant potential magnitude, particularly affecting western Sullivan County. HAZUS-MH scenarios project approximately \$35.0 million in economic losses, primarily in western regions including Sullivan City. Urban areas face amplified risks due to infrastructure density. Future development requires thorough seismic risk assessment, with particular attention to potential secondary hazards such as HazMat incidents and dam failures. Redevelopment initiatives present opportunities for structural improvements and seismic retrofitting.

Extreme Temperature

Extreme temperature events show an elevated CPRI with limited magnitude but likely occurrence within three years. The likelihood of extreme temperature occurrences is considered "Likely" within the next three years, with warning times exceeding 24 hours and durations lasting less than a week. Current vulnerabilities particularly affect elderly, young, low-income, and health-compromised populations. Environmental changes are expected to increase extreme heat days, impacting community health, agriculture, and water resources. Future industrial and commercial expansion may exacerbate urban heat island effects, while grey infrastructure growth and reduced tree cover could compound temperature-related stress.

Fire

Fire risk maintains an elevated CPRI with limited magnitude but likely occurrence within three years. The 2014 apartment complex fire highlighted vulnerabilities in densely populated areas. Annual fire statistics indicate high incident rates in Sullivan. The shift from agricultural land to residential development changes the fire risk landscape. Future population growth demands enhanced response capabilities, particularly given the increase in multi-family residential buildings and abandoned properties. Development patterns shifting from agricultural to residential use create new fire risk landscapes.

Flood

Flood vulnerability shows an elevated CPRI with significant magnitude and likely occurrence. Current issues include basement flooding within city limits. Warning times

typically range from 12-24 hours, with events lasting under a week. Critical and non-critical structures in low-lying areas face greatest risk. Basement flooding is a known issue within the city. Potential indirect effects may include longer response times from emergency services, dislodged propane tanks, and the need for evacuations. Future development must account for increased heavy rainfall predictions, with careful consideration of infrastructure placement and capacity planning.

Hailstorm, Thunderstorm, and Windstorm

Hailstorms, thunderstorms, and windstorm risks maintain an elevated CPRI with limited magnitude but possible within 5 years. These events particularly threaten infrastructure and property, often resulting in power outages and debris hazards. All structures face vulnerability, with limited warning times under six hours. Future mitigation requires enhanced building codes and infrastructure protection.

Landslide/Subsidence

Landslides and subsidence risks are elevated with significant magnitude and likely occurrence within 3 years, with limited warning time primarily due to underground mining presence. Notable potential damages include harm to infrastructure and properties, increased challenges for emergency response, and the risk of groundwater contamination. Critical infrastructure located above subsurface mines is especially vulnerable. Future development in undermined areas could increase subsidence risk. Integration of mining maps into building permits and geological assessments becomes crucial for risk mitigation.

Tornado

Tornado risk maintains an elevated CPRI with significant magnitude, threatening all structures. All structures are at risk, with the likelihood of a tornado occurring assessed as "Possible" within the next five years. A hypothetical EF2 scenario indicates substantial potential damage. While outdoor warning sirens help mitigate these risks, indirect effects may still lead to debris clean-up and decreased business revenue. All current and future developments in the City are at risk for tornado damage. Future planning must emphasize warning system maintenance and mass notification improvements, particularly given frequent community events.

Winter Storm & Ice

Winter storm risk shows elevated CPRI with significant magnitude, disrupting transportation and power systems. The likelihood of such events occurring is estimated to be "Likely" within the next three years. Events typically provide 12-24 hours warning with week-long impacts. The consequences can result in considerable physical, economic, and social losses, as extreme cold conditions may create hazardous situations during power interruptions. Winter storms can also lead to flooding and hazardous materials incidents due to severely compromised road conditions. Population growth will increase response demands, requiring enhanced infrastructure resilience and emergency planning.

Dam/Levee Failure

Dam/levee failure maintains low CPRI with negligible magnitude, though Busseron Dam L-1 inundation zone affects certain areas. The probability of such an event occurring is regarded as "Unlikely" within the next ten years, typically providing a warning period of over 24 hours. Potential indirect impacts could include land loss and extended response times due to damage to transportation routes. Future development must consider potential inundation areas and maintain current emergency action plans.

Hazardous Materials Incidents

Hazardous materials incidents show elevated CPRI with limited magnitude, heightened by population density and transportation corridors. The likelihood of these incidents occurring is rated as "Likely" within the next three years, accompanied by brief warning times. Future risks increase with growing hazardous materials facilities, requiring careful development restrictions and strategic facility placement.

3.4. Mitigation Strategies

The Sullivan County Multi-Hazard Mitigation Plan (HMP) reveals that Hazardous Materials Incidents pose the highest risk to the City of Sullivan, earning a "Severe" risk classification in the Combined Calculated Priority Risk Index (CPRI). This ranking considers factors such as probability, magnitude, warning time, and duration, likely influenced by the presence of facilities using Extremely Hazardous Substances and nearby transportation routes.

The assessment identified several "Elevated" risk hazards, including drought, earthquake, extreme temperature, fire, flood, hailstorm, thunderstorm, windstorm, landslide/subsidence, tornado, and winter storm/ice, while dam/levee failure was categorized as "Low" risk. The risk-based assessment provides for the development of strategies to enhance community resilience, examining vulnerabilities in existing and future infrastructure while quantifying potential losses using historical data and climate trends. The HMP prioritizes key focus areas including infrastructure resilience, emergency response capabilities, development planning, resource management, public safety systems, building code enforcement, critical facility protection, and environmental considerations.

CDBG-DR funding decisions will be strategically guided by the assessment's findings to strengthen Sullivan's resilience. Priority will be given to projects addressing hazards with higher CPRI values, particularly focusing on protecting vulnerable assets and populations. The funding will support implementation of high-priority mitigation practices identified in the HMP, including protection or relocation of at-risk critical infrastructure. All funded projects will align with identified risks and proposed mitigation strategies to ensure both immediate recovery needs and long-term resilience goals are met.

4. Proposed Used of Funds

4. Proposed Use of Funds

The Office of Community and Rural Affairs (OCRA) serves as the primary agency in Indiana overseeing the management of \$7,663,000 in Community Development Block Grant Disaster Recovery (CDBG-DR) funds. OCRA plans to implement a competitive distribution method for all programs to invest funds in projects that best meet the goals of this Action Plan and are in alignment with HUD's overall intent of recovery for local communities. OCRA and grantees must use their CDBG-DR funds in a manner that complies with applicable statutes, which include:

- Section 109 of the HCDA, 42 U.S.C. 5309;
- Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d et seq.;
- Title VII of the Civil Rights Act of 1964, 42 U.S.C. 2000d et seq.;
- Title VIII of the Civil Rights Act of 1968 (The Fair Housing Act), 42 U.S.C. 3601 – 19;
- Section 504 and 508 of the Rehabilitation Act of 1973, 29 U.S.C. 794;
- The Americans with Disabilities Act of 1990, 42 U.S.C. 12131 et seq.; and
- Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193) (PRWORA).

Based on the unmet needs assessment and input from the City of Sullivan and stakeholders, OCRA has prioritized programs that will assist in meeting short- and long-term recovery needs and programs that will increase resiliency. OCRA's analysis indicates that the most severe recovery needs are housing and infrastructure for the impacted low and moderate income (LMI) population.

To address these needs, OCRA plans to use CDBG-DR funds to support the following programs:

2025 CDBG-DR Programs

- Disaster Recovery Infrastructure Program
- Owner Occupied Rehabilitation
- Blight Clearance Program
- Mitigation and Resilience Planning Program
- Economic Recovery Program
- Administrative Costs

Eligible Applicants

OCRA has determined that the available CDBG-DR funding is insufficient to meet the unmet needs of the City of Sullivan. OCRA committee's 100 percent of its award to benefit HUD-identifies MID area. Consistent with the HCDA, 24 CFR 570.484 and 24 CFR 570.200(a)(3),

OCRA committees to comply with the overall benefit requirement that 70 percent of funds be used for activities that benefit LMI persons only to the grant of CDBG-DR funds.

The eligible applications for CDBG-DR funds include the City of Sullivan, Sullivan County and unincorporated areas within the MID ZIP code 47882.

Fund Expenditure Caps Requirements

HUD established funding expenditure caps for the administration of CDBG-DR funding in compliance with Docket No. FR-6489-N-01. OCRA is committed to adhering to the funding allocation specified below.

- **Program Administration Cost** is limited to 5% or \$383,150 of the total allocation.
- **Planning Costs:** A maximum of 15% or \$1,149,450 of the total grant amount . The State will utilize 3.91% of the allowable percentage.
- **Mitigation Set-aside Cost:** The 2025 Appropriations Act required HUD to include with any final allocation for the total estimate of unmet need an additional 15 percent of that estimate for mitigation activities and/or the incorporation of mitigation measures into recovery activities. The State plans to incorporate resilience and mitigation strategies into all its construction and planning programs. Each program will outline specific mitigation activities and established measures. HUD restricts the CDBG-DR Mitigation Set-Aside to a maximum of 15% of the unmet need for activities where grantees are unable to show a tieback to the disaster. All projects funded through the CDBG-DR program will be directly linked to the disaster. If the State determines it necessary to use the flexibility outlined in the Universal Notice, OCRA will prepare a substantial amendment.
- **HUD-Identified Most Impacted and Distressed (MID) Areas:** At least 80% or \$ 6,130,400 of the total allocation must benefit the HUD-identified areas. This includes 80% of the expenditure on program administration.
- **Benefits for Low- to Moderate-Income (LMI) Persons:** At least 70% or \$4,980,950—of the allocation (less program administrative cost)

4.1. Allocation and Award Caps

The Office of Community and Rural Affairs (OCRA) has allocated funding across a portfolio of proposed programs to address its unmet needs, and mitigation needs. OCRA’s proposed allocations by category are summarized in the table below. Award caps are listed in each program description. The narrative that follows describes the proposed programs and projects.

Table 29: CDBG-DR Program Allocation and Funding Thresholds

Eligible Cost Category	Unmet Need	% of Unmet Need	% in MID	CDBG-DR Allocation	% of Budget
Administration (5% cap)	-	-	-	\$383,150	5%
Mitigation and Resilience Planning (15% cap)	-	-	-	\$300,000	3.91%
Owner-Occupied Housing	\$6,141,523	34.5%	100%	\$2,500,000	32.62%
Disaster Recovery Infrastructure Program	\$7,616,377	42.8%	100%	\$3,279,850	29.75%
Blight Clearance	\$2,000,000	11.2%	100%	\$700,000	9.13%
Economic Revitalization	\$2,055,397	11.5%	100%	\$500,000	6.54%
Total	\$17,813,297	100%	100%	\$7,663,000	100%

4.2. Method of Distribution

A. Disaster Recovery Infrastructure Program (“DRIP”)

Amount of CDBG-DR Funds Allocated to this Program: The Office of Community and Rural Affairs (“OCRA” or “the Office”) will allocate \$3,279,850 (29.75% of its CDBG-DR allocation) to the DRIP

Eligible Activity(ies): Consistent 24 CFR §570.201, CDBG funds may be used for the following activities under the DRIP: acquisition – §570.201(a); disposition – §570.201(b); public facilities and improvements – §570.201(c); clearance and remediation activities – §570.201(d).

National Objective: Units of General Local Government (“UGLGs” or “LUGs”) may qualify proposed activities under the Urgent Need national objective when they can demonstrate the proposed activities will meet the Secretary’s revised criteria found in the “Universal Notice” (FR-6489-N-01). When a LUG is unable to demonstrate compliance with the revised criteria for Urgent Need, LUGs may qualify proposed DRIP project activities under the Area Benefit Activities (“LMA”) national objective (§570.483(b)(1)).

Lead Agency and Distribution Model: Funding for all Community Development Block Grant programs is provided by the U.S. Department of Housing and Urban Development and administered by the Office of Community and Rural Affairs (IC §4-4-9.7).

In accordance with the Method of Distribution adopted in the Action Plan, the State of Indiana will distribute awards to eligible applicants within HUD- designated MID areas on a first-come-first serve basis. Projects will be reviewed, considered, and awarded in the order they are received, provided the applicant demonstrates they meet the eligibility criteria established in Appendix A. The proposed project meets a national objective pursuant to §570.483, eligible costs and the scope of the project is appropriate, contains eligible activities, and is responsive to the applicant's specific needs within the MID area. A single grant awarded under the DRIP shall not exceed \$1,000,000.

Program Description: The Disaster Recovery Infrastructure Program ("DRIP") is OCRA's omnibus infrastructure program for designated LUGs within HUD's declared Most Impacted and Distressed Area ("MID"). The DRIP will provide designated LUGs access to funding to address urgent needs and critical infrastructure projects within their communities. Under DRIP, designated LUGs will have the ability to undertake multiple eligible activities from each of OCRA's standalone programs – Wastewater and Drinking Water ("WDW"); Stormwater Improvements Program ("SIP"); Main Street Revitalization Program ("MSRP"); and PreservINg Main Street Historic Preservation Program ("PMS").

The DRIP's versatility will allow designated LUGs to address multiple urgent needs and critical infrastructure repairs/improvements under one single program. Designated LUGs may undertake the following activities or a combination thereof (not exhaustive): Wastewater Improvements – collection lines, distribution system, lift stations, treatment plants, and other related utility infrastructure;

- Drinking Water System Improvements – distribution lines, elevated storage tanks, treatment plants, and other related utility infrastructure;
- Stormwater Improvements – flood prevention and management, incorporation of "green infrastructure", prevention of runoff and contamination to nearby waterways and streams, collection line improvements, drainage rehabilitation, and elimination of inflow and infiltration (I/I) to reduce treatment costs and energy consumption;
- Main Street Revitalization – streetscapes, infrastructure rehabilitation, and other long-term community development efforts to spur business growth, improve tourism, and economic revitalization;
- PreservINg Main Street – rehabilitation, preservation, or restoration of historic properties.
- An any other applicable eligible activity under 570.201 and 570.482

Program Tieback to Disaster: Projects funded through this program will be required to address remaining impacts in HUD-identified MID for the qualifying disaster. Projects may also address risks from future potential risks as identified in their local multi-hazard mitigation plan.

Eligible Geographic Areas: Units of local government falling within the designated HUD MID area.

Other Eligibility Criteria: Program will be made available two times a year at a minimum with the opportunity for a third time depending on available funding. All funding requests will be allocated on a first-come, first-served basis and will not be competitive. Each application must meet the specific threshold criteria, and the evaluation criteria are detailed in Appendix A.

Maximum Amount of Assistance: The maximum award granted under the DRIP shall not exceed \$1,000,000. OCRA has suspended its policy to impose a beneficiary cost cap of \$5,000 per beneficiary. There is no maximum amount of assistance per beneficiary under the DRIP.

Maximum Income of Beneficiary: Activities under the DRIP are not considered direct benefit activities. Activities funded under the DRIP will qualify under the Urgent Need national objective or the LMI persons Area Benefit national objective. Therefore, no maximum income of beneficiary cap is being established for this program.

Mitigation Measures:

- **Development of Resilience Design Standards:** Establish and implement updated design standards for infrastructure projects that prioritize resilience. This includes specifying materials and construction methods that can withstand extreme weather events, flooding, windstorms and other hazards.
- **Retrofits and Upgrades for Critical Facilities:** Prioritize retrofitting existing critical infrastructure, such as wastewater treatment plants and drinking water systems, to enhance their capacity to resist flooding and other disaster-related impacts. Incorporating redundancy in systems ensures continuous operation during emergencies.
- **Infrastructure Strengthening:** Enhance the structural integrity of critical infrastructure. This may involve using wind-resistant materials, reinforcing foundations, and ensuring that structures meet or exceed local wind load standards.
- **Community Shelter Construction and Renovation:** Build or retrofit existing community centers, schools, and other public buildings to serve as safe shelters during tornadoes and severe wind events. These shelters should be designed to meet the latest safety codes for wind resistance and include basic emergency supplies.
- **Green Infrastructure:** Incorporate green infrastructure into construction projects aimed to help with community stand future environmental hazards.

How Mitigation Set-aside Activities Will Meet Definition of Mitigation: Funding will be provided for projects that meets the mitigation standards outlined in Section 6 of the Action Plan.

Reducing Impediments for Assistance: The Office of Community and Rural Affairs (OCRA) understands the challenges local government units face in implementing CDBG-DR federal funding, especially due to capacity constraints. To help navigate these complexities, OCRA is providing on-demand technical assistance and will supervise project development throughout the application process for the HUD-designated MID area.

Eligible Cost Category	CDBG-DR Allocation Amount	% of CDBG-DR Allocation
Disaster Recovery Infrastructure Program	\$7,616,377	29.75%

B. Blight Elimination Program (“BEP”)

Amount of CDBG-DR Funds Allocated to this Program: The Office of Community and Rural Affairs (“OCRA”) will allocate \$700,000 (9.13% of its CDBG-DR allocation) to the Blight Elimination Program.

Eligible Activity(ies): Consistent 24 CFR §570.201, CDBG funds may be used for the following activities under the BEP: §570.201(d))

National Objective: Activities which aid in the prevention or elimination of slums or blight in accordance with 24 CFR 570.483(c) & 24 CFR 570.208(b)

Lead Agency and Distribution Model: Funding for all Community Development Block Grant programs is provided by the U.S. Department of Housing and Urban Development and administered by the Office of Community and Rural Affairs (IC §4-4-9.7).

In accordance with the Method of Distribution adopted in the Action Plan, the State of Indiana will distribute awards to eligible applicants within HUD- designated MID areas on a first-come-first-serve basis. Projects will be reviewed, considered, and awarded in the order they are received, provided the applicant demonstrates the proposed project meets the eligibility criteria established in Appendix A, it meets a national objective pursuant to §570.483(c), the scope of the project contains eligible activities and allowable costs, and is responsive to the applicant’s specific needs within the MID area. A single grant awarded under the DRIP shall not exceed \$350,000.

Program Description: The Blight Elimination Program (“BEP”) will provide funding to designated LUGs to acquire, demolish or clear deteriorated, abandoned, unusable/uninhabitable commercial/industrial sites and single-family residential structures. Environmental remediation or cleanup is also an eligible activity under the BEP. Activities to address slum/blight on an area basis (§570.208(b)(1)) and activities to address slum/blight on a spot basis (§570.208(b)(3)) are permitted under the BEP

Eligible Geographic Areas: Units of local government falling within the designated HUD MID area

Other Eligibility Criteria: Program will be made available two times a year at a minimum with the opportunity for a third time depending on available funding. All funding requests will be allocated on a first-come, first-served basis and will not be competitive. Each application must meet the specific threshold criteria, and the evaluation criteria are detailed in Appendix A.

Maximum Amount of Assistance Per Beneficiary: The maximum award granted under the DRIP shall not exceed \$700,000. OCRA has suspended its policy to impose a beneficiary cost cap of \$5,000 per beneficiary. There is no maximum amount of assistance per beneficiary under the BEP.

Mitigation Measures: Program mitigation measures are designed to effectively address the potential adverse effects of blight elimination activities while supporting the broader goal of revitalizing affected areas.

- **Soil Remediation and Enhancement:** During the demolition of abandoned structures, a local unit of government must assess and remediate contaminated soils. This may include replacing contaminated soil with clean fill, enriching the remaining soil with organic materials, and planting native vegetation to restore ecological balance.
- **Erosion Control Measures:** Implementing silt fencing, sediment barriers, and other erosion control practices during site clearance to prevent soil erosion and protect nearby waterways from contamination.
- **Community Green Spaces:** After the clearance of blighted properties, converting the cleared land into community parks or green spaces can fulfill a mitigation measure. This contributes to improved air quality, stormwater management, and community well-being.
- **Redevelopment:** for any future redevelopment of a site land use plans must incorporate mitigation strategies to build reinforce facilities to avoid similar disaster impacts.

How Mitigation Set-aside Activities Will Meet Definition of Mitigation: Funding will be provided for projects that meet the mitigation standards outlined in Section 6 of the Action Plan.

Reducing Impediments for Assistance: The Office of Community and Rural Affairs (OCRA) understands the challenges local government units face in implementing CDBG-DR federal funding, especially due to capacity constraints. To help navigate these complexities, OCRA is providing on-demand technical assistance and will supervise project development throughout the application process for the HUD-designated MID area. Administration.

Eligible Category	Cost	CDBG-DR Amount	Allocation	% of CDBG-DR Allocation
Blight Clearance		\$2,000,000		9.13%

C. Owner Occupied Rehabilitation

Amount of CDBG-DR Funds Allocated to this Program: The Office of Community and Rural Affairs (“OCRA”) will allocate \$6,141,523 (32.62% of its CDBG-DR allocation) to the Owner Occupied Rehabilitation Program

Eligible Activity(ies): Funding to establish local home repairs for owner occupied housing. Eligible repairs may include roof repair or replacement, ADA accessibility modifications up to the threshold of the home, heating and cooling replacement, select light features and electrical upgrades, water heater replacement. OCRA reserves the right to revise the list of eligible activity for each program round to meet the need of homeowners.

National Objective: All applicants must meet the Benefit to Low- and Moderate-Income - Housing National Objective.- Low to Moderate Income Households

Lead Agency and Distribution Model: The Indiana Office of Community and Rural Affairs (OCRA) will be responsible for the administrative responsibility, oversight, and management of the State of Indiana’s disaster recovery allocation. The U.S. Department of Housing and Urban Development allocated these funds to Indiana pursuant to the Disaster Relief Supplemental Appropriations Act of 2025. Disaster Recovery funds will be made available to units of general local government (UGLG) and their partnering qualified non-profits (if applicable) through an application process.

Program Description: This application process will allow the state to select and fund projects most likely to provide relief to homeowners and communities impacted by disaster and are most successful in implementing mitigation measures to lessen impact of any future disaster. See Appendix A for-evaluation criteria. The OOR program under this Disaster Recovery Action Plan will have a maximum grant amount of \$1,000,000 for a city, town, or county. The goal of the OOR program is to assist low-moderate income residents living within the HUD-designated Most Impacted and Distressed (MID) area with repairs to their primary residences. To be considered, projects must demonstrate the following:

- They meet the *Benefit to Low- and Moderate-Income – Housing* National Objective of the Housing and Community Development Act of 1974, as amended for Low to Moderate Income Households
- CDBG funds will be used to assist current homeowners with the repair or rehabilitation of owner-occupied units.
- The grant will have a significant impact on the overall project.
- The community has demonstrated commitment to the project, its sustainability, and mitigating the impact of future disasters.

- The project is ready to proceed upon grant award and will be completed within 18 months.

Eligible Geographic Areas: Units of local government falling within the designated HUD MID area

Other Eligibility Criteria: Program will be made available three times a year with the opportunity for a fourth time depending on available funding. All funding requests will be allocated on a first-come, first-served basis and will not be competitive. Each application must meet the specific threshold criteria, and the evaluation criteria are detailed in Appendix A.

To be eligible for Owner Occupied Rehabilitation Grant assistance, projects must meet the following requirements:

- The lead applicant must be a non-entitlement city, county or incorporated town within the HUD MID area that possesses the legal capacity to carry out the proposed program. Unincorporated areas must apply through their county.
- The lead applicant may contract with a not-for-profit organization to carry out eligible project activities, if the organization can document its non-profit status with the U.S. Internal Revenue Service, the Indiana Department of Revenue, and the Indiana Secretary of State.
- The proposed project must meet a national objective and be an eligible activity under Section 105 (a) of the Housing and Community Development Act of 1974. With the eligible activity as Low- and Moderate-Income - Housing, the project must benefit homeowners who are verified as low- and moderate-income based on HUD Income Limits.
- Applicants are required to inform their OCRA Community Liaison of their intent to apply so that they may receive technical assistance with their application. Applicants without demonstrable Owner-Occupied Rehabilitation experience are required to have a site visit (which may be a virtual meeting) with their Community Liaison for technical assistance prior to application submission.
- Eligible communities that have received OCRA funding for OOR projects may reapply for additional OOR funding once all previously awarded OOR grants from OCRA have been successfully closeout.

Maximum Amount of Assistance Per Beneficiary: Maximum award amount to individual homeowners may not exceed \$25,000.

Mitigation Measures: at a minimum rehabilitation of houses under this program must follow HUD Green Building Retrofit Checklist

<https://www.hud.gov/sites/dfiles/CPD/documents/CPD-Green-Building-Retrofit-Checklist.pdf>

How Mitigation Set-aside Activities Will Meet Definition of Mitigation: Funding will be provided for projects that meet the mitigation standards outlined in Section 6 of the Action Plan.

Reducing Impediments for Assistance: The Office of Community and Rural Affairs (OCRA) understands the challenges local government units face in implementing CDBG-DR federal funding, especially due to capacity constraints. To help navigate these complexities, OCRA is providing on-demand technical assistance and will supervise project development throughout the application process for the HUD-designated MID area.

D. Economic Revitalization Program

Amount of CDBG-DR Funds Allocated to this Program: The Office of Community and Rural Affairs (“OCRA”) will allocate \$500,000 (6.54% of its CDBG-DR allocation) to the Economic Revitalization Program

Eligible Activity(ies): Consistent with 24 CFR 570.203(b) eligible activities under this programs will include grants for profit businesses and assistance to microenterprises in accordance with 24 CFR 570.201(o).

National Objective: All applicants must meet the Benefit to Low- and Moderate-Income - Housing National Objective.- Low to Moderate Income Job Retention 24 CFR 570.483(b)(4) or Low to Moderate Income Clientele 24 CFR 570.483(b)(2)

Lead Agency and Distribution Model: The Indiana Office of Community and Rural Affairs (OCRA) will be responsible for the administrative responsibility, oversight, and management of the State of Indiana’s disaster recovery allocation. The U.S. Department of Housing and Urban Development allocated these funds to Indiana pursuant to the Disaster Relief Supplemental Appropriations Act of 2025. Disaster Recovery funds will be made available to units of general local government (UGLG) identified as HUD MID area and their partnering qualified non-profits (if applicable) through an application process.

Program Description: This application process will allow the state to select and fund projects most likely to provide relief to business owners impacted by disaster. See Appendix A for-evaluation criteria. The ERP program under this Disaster Recovery Action Plan will have a maximum grant amount of \$250,000. The ERP program aims to support low to moderate-income workers in sustaining their economic well-being while helping the HUD MID area recover from the economic challenges caused by the disaster.

Eligible Geographic Areas: Units of local government falling within the designated HUD MID area

Other Eligibility Criteria: Program will be made available three a year with the opportunity for a fourth time depending on available funding. All funding requests will be allocated on a

first-come, first-served basis and will not be competitive. Each application must meet the specific threshold criteria, and the evaluation criteria are detailed in Appendix A.

To be eligible for ERP grant assistance, projects must meet the following requirements:

- The lead applicant must be a non-entitlement city, county or incorporated town within the HUD MID area that possesses the legal capacity to carry out the proposed program. Unincorporated areas must apply through their county.
- The lead applicant may contract with a not-for-profit organization to carry out eligible project activities, if the organization can document its non-profit status with the U.S. Internal Revenue Service, the Indiana Department of Revenue, and the Indiana Secretary of State.
- The proposed project must meet a national objective and be an eligible activity under Section 105 (a) of the Housing and Community Development Act of 1974. With the eligible activity as Low- and Moderate-Income Job Retention, the project must benefit businesses owners or micro enterprises who can verify the pay rate of the low to moderate income employee based on HUD Income Limits and are able to demonstrate that their were impacted by the qualifying disaster.
- Eligible communities that have received OCRA funding for ERP projects may reapply for additional ERP funding once all previously awarded ERP grants from OCRA have been successfully closed out.

Maximum Amount of Assistance Per Beneficiary: Maximum award amount to individuals for profit businesses may not exceed \$25,000.

Mitigation Measures: This program will not have mitigation measures.

How Mitigation Set-aside Activities Will Meet Definition of Mitigation: This program will not be required to meet with the mitigation standards outlined in Section 6 of the Action Plan.

Reducing Impediments for Assistance: The Office of Community and Rural Affairs (OCRA) understands the challenges local government units face in implementing CDBG-DR federal funding, especially due to capacity constraints. To help navigate these complexities, OCRA is providing on-demand technical assistance and will supervise project development throughout the application process for the HUD-designated MID area.

E. Administration

The State will set aside \$383,150 of its CDBG Disaster Recovery Funds for payment of costs associated with administering the Program (Docket No. FR-6489-N-01]). This constitutes five percent (5%) of the State's CDBG Disaster Recovery allocation. These funds will be used by the Office of Community and Rural Affairs for expenses associated with administering its State CDBG Program, including direct personal services and fringe benefits of applicable

Office of Community and Rural Affairs, as well as direct and indirect expenses incurred in the proper administration of the state's program and monitoring activities respective to CDBG grants awarded to units of local government (i.e. telephone, travel, services contractual, etc.).

Eligible Cost Category	CDBG-DR Allocation Amount	% of CDBG-DR Allocation
Administration Cost Total:	\$383,150	5%

F. Mitigation and Resilience Planning Program

The State will allocate \$300,000 towards planning activities. One of the primary purposes of the program is to promote sound, sustainable mitigation and resiliency efforts that account for an understanding of current and future natural hazards risks, including environmentally related hazards and hazardous materials.

Eligible Activity: planning efforts eligible under 24 CFR 570.205

National Objectives: Activities benefiting low- and moderate-income persons 24 CFR 570.208(a)

Lead Agency and Distribution Model: The Office of Community and Rural Affairs will partner with the Indiana Department of Homeland Security and the Indiana Department of Natural Resources to provide CDBG-DR funds to assist with updating the local multi-hazard mitigation plans and flood management plan. 44 CFR 201.6, accordingly.

The planning program will provide non-competitive grants processes for units of local government falling within the designated HUD MID area to carry out planning efforts eligible under 24 CFR 570.205 that may result in the establishment of additional recovery, mitigation and resiliency priorities and activities or support the design and implementation of the currently described CDBG-DR programs.

Program Description To enhance mitigation and resiliency planning, the planning program will fund two types of planning grants:

- Mitigation Planning that integrates traditional planning such as comprehensive planning, land used, site development, environmental remediation. This will also include the development and integration of mitigation studies as well as the promotion and funding of zoning ordinances, building codes and energy codes.
- Resilience Planning will integrate hazard studies, infrastructure assessment, risk assessment, adaptation strategies, recovery and floodplain management.

The resilience planning type will require adherence to the following requirements within a HUD MID area.

- Development and adoption of comprehensive plans that integrate hazard mitigation plans and other mitigation concepts
- Development and adoption of land use plans that integrate hazard mitigation plans and other mitigation concepts
- Development and approval of site development plans that integrate hazard mitigation plans and other mitigation concepts
- Development, adoption, and implementation of zoning ordinances based on comprehensive plans, land use plans, and site development plans
- Development, adoption, and implementation of flood damage prevention ordinance that CDBG-DR requires at least two foot above base flood elevations (BFEs) for non-critical infrastructure or at least three foot above BFEs for critical infrastructure.
- Development, adoption, and implementation of building codes that meet or exceed the standards set forth by the 2020 Indiana Residential Code.
- Development, adoption, and implementation of energy codes that meet or exceed the standards set forth by the 2020 Indiana Residential Code including residential energy code (2018 IECC with amendments) and commercial energy code (ASHRAE 90.1-2007 with amendments)

Program Tieback to Disaster Projects funded through this program will be required to address the remaining direct and indirect impacts in HUD-identified MID. Projects may also address risks from future potential risks as identified in their local multi-hazard mitigation plan.

Eligible Geographic Areas: Units of local government falling within the designated HUD MID area

Other Eligibility Criteria: Program will be made available three times a year at a minimum with the opportunity for a fourth time depending on available funding. All funding requests will be allocated on a first-come, first-served basis and will not be competitive. Each application must meet the specific threshold criteria, and the evaluation criteria are detailed in Appendix A.

A list of eligible plans and their specific maximum grant amounts is available on OCRA's CDBG policies website. The Office reserves the right to prefer one type of plan over other types of plans when making awards. CDBG-funded planning costs will exclude final engineering and design costs related to specific activities which are eligible activities/costs under 24 CFR 570.201-204.

Maximum Amount of Assistance: The Mitigation and Resilience Planning Program shall have a maximum grant amount of \$90,000. The Office of Community and Rural Affairs is suspending its existing policy that restricts the amount of CDBG funds allocated to \$5,000 per project beneficiary.

Minimum Amount of Assistance: The Mitigation and Resilience Planning Program shall have a minimum grant amount of \$20,000. The Office of Community and Rural Affairs is suspending its existing policy that restricts the amount of CDBG funds allocated to \$5,000 per project beneficiary

Mitigation Measures: To enhance long-term community resilience in HUD MID area, the Office of Community and Rural Affairs is incorporating various mitigation measures into its disaster recovery planning. These efforts focus on integrating resilience planning and hazard mitigation activities to effectively reduce the impacts of environmental hazards for future disasters.

- **Mitigation Planning:** The planning program emphasizes the integration of traditional planning methods, including comprehensive planning and land use. This includes promoting and funding zoning ordinances and building codes that prioritize resilience. By developing and implementing mitigation studies, the state aims to ensure that all new developments consider environmental risks and are built to withstand future disasters as per the local multi-hazard mitigation plan.
- **Resilience Planning:** The planning program will provide funding for thorough hazard studies and infrastructure assessments to identify vulnerabilities. Risk assessments will be utilized to understand various threats, while adaptation strategies will be developed to enhance the resilience of HUD designated MID areas. Understanding the dynamics of floodplain management will also be a significant focus.

These planning efforts will count towards the State's CDBG-DR mitigation set-aside, as they directly address the impacts of past disasters while embedding mitigation measures into recovery activities. By aligning recovery efforts with mitigation objectives, these initiatives fulfill the essential definition of mitigation activities, helping to lessen the severity of future disasters and fostering a more resilient Indiana.

How Mitigation Set-aside Activities Will Meet Definition of Mitigation: Plans will identify hazards, assess community needs, assess risk reduction and describe a communitywide strategy for reducing the risks associated with natural disasters.

Reducing Impediments for Assistance: The Office of Community and Rural Affairs (OCRA) understands the challenges local government units face in implementing CDBG-DR federal funding, especially due to capacity constraints. To help navigate these complexities, OCRA is providing on-demand technical assistance and will supervise project development throughout the application process for the HUD-designated MID area.

Eligible Category	Cost	CDBG-DR Amount	Allocation	% of CDBG-DR Allocation
Mitigation and Resilience Planning Total:		\$300,000		3.91%

G. Mitigation Set Aside

The State of Indiana through the Office of Community and Rural Affairs (OCRA), as HUD's grantee, is responsible for defining mitigation activities and setting appropriate mitigation measures for each program. The Mitigation Set-Aside will be applied to all programs budget to ensure adherence to the mitigation requirements associated with these funds. This approach guarantees that all projects contribute to the objectives of enhancing resilience and mitigating risks tied to the disaster and future disasters. Each funded project will not only address a connection to the disaster but will also align with the goals outlined in the local multi-hazard mitigation plan identified by the HUD MID area. No individual mitigation projects have been identified for the exclusive use of the Mitigation set aside cap of 15% of the unmet need. Therefore, table 30 provides a breakdown of the approximate funding that will be used to meet the mitigation requirements.

Table 30-CDBG-DR Mitigation Set-Aside Allocation Summary

Eligible Cost Category	Unmet Need	% of Unmet Need	% in MID	CDBG-DR Allocation	% of Budget	% of CDBG-DR Mitigation Set-Aside	CDBG-DR Mitigation Set-Aside Allocation Amount
Administration (5% cap)	-	-	-	\$383,150	5%	0%	\$0
Mitigation and Resilience Planning (15% cap)	-	-	-	\$300,000	3.91%	15%	\$150,000
Owner-Occupied Housing	\$6,141,523	34.5%	100%	\$2,500,000	32.62%	35%	\$500,000
Disaster Recovery Infrastructure Program	\$7,616,377	42.8%	100%	\$3,279,850	29.75%	40%	\$1,000,000
Blight Clearance	\$2,000,000	11.2%	100%	\$700,000	9.13%	10%	\$200,000
Economic Revitalization	\$2,055,397	11.5%	100%	\$500,000	6.54%	0%	\$0
Total	\$17,813,297	100%	100%	\$7,663,000	100%	100%	\$1,850,000

The mitigation set-aside percentages total to 100% of the required mitigation funding, with higher allocations to housing and infrastructure as these typically have the greatest impact on long-term disaster resilience.

5.

**Connection of Proposed
Programs and Projects to
Unmet Needs and
Mitigation Needs**

5. Connection of Proposed Programs and Projects to Unmet Needs and Mitigation Needs

CDBG-DR applicable notices, FR-6512-N-01 and FR-6489-N-01, require the Office of Community to allocate at least 80% of the funds to address unmet needs in the HUD-identified “most impacted and distressed” (MID) areas of Sullivan County (ZIP code 47882). There are no State-identified MID areas for the Indiana Severe Storms, Straight-line Winds, and Tornadoes (DR-4704-IN) presidential major disaster declaration. Furthermore, the Universal Notice allows a Grantee to provide a justification for disproportionate allocation of funds to address demonstrated unmet needs and mitigation needs assessments in the Action Plan. At this time, OCRA is still in the process of receiving SBA data, cost estimate of water systems damage and an updated Sullivan County Hazard Mitigation Plan that encompasses details about the impacts and damages from the 2023 disaster. The absence of complete data has made it difficult to accurately assess the unmet needs.

In light of this challenge, OCRA took extra effort to engage with disaster impacted stakeholders and extensive consultation with partner agencies. The data that was made available in addition to the feedback received permitted for OCRA to identify that housing and infrastructure are the recovery needs that the State can focus on. Homeowners and renters have encountered considerable obstacles in the disaster recovery process, primarily due to limited access to financial resources and insurance. This has significantly hindered their efforts to rebuild and find new places to live. OCRA recognizes that some homeowners may require further assistance beyond what is offered through owner-occupied rehabilitation and reconstruction programs. However, given the limited funding and the need to weigh costs against benefits, the state believes it is more cost-effective to establish a program that provides homeowners with assistance in this limited scope. In addition, there has not been a strong indication from the state’s outreach, consultation and data gathered that a homeowner program must be a top priority. OCRA will update the unmet needs assessment as data comes in, will stay engaged with disaster impacted community through the recovery, and will continue to assess the need for a homeowner program. The need for blight elimination and site preparation for housing is crucial for facilitating the rebuilding of damaged housing, OCRA will address this need through the Blight Clearance Program. It also became clear there is an unmet need for economic recovery emphasizing the profound impact on the small business ecosystem, with nearly 100 businesses experiencing ripple effects.

In considering the unmet, mitigation and local needs, and the limited amount of CDBG-DR funds, this Action Plan proposes to use the funds to address the needs by providing an owner-occupied rehabilitation program, Infrastructure Recovery Program, Blights Clearance Program, economic recovery program, mitigation and resiliency planning

activities and incorporates mitigation activities into all programs.

In consultation with Sullivan County and the City of Sullivan, it was clear to OCRA that with a limited amount of funds and in looking at how they can assist an entire community, infrastructure needs will be prioritized and receive a greater allocation which is reflected in the proposed programs below. Urgent assistance is needed to address the unmet infrastructure needs. The unmet need clearly indicates that the locally identified needs for infrastructure surpass the available CDBG-DR funding. However, these needs are essential for the long-term recovery, stabilization, and future growth of the City of Sullivan. Repairing curb, gutter, and sidewalk damage, critical public facilities, and stormwater management system play a vital role in the community to provide access to necessary resources as residents work to recover from the disaster and strive to return to normal life, while also aiming to build resilience for future disasters.

The mitigation assessment demonstrates that historically Sullivan County, including the City of Sullivan, routinely has severe weather events including tornadoes over the years. The total amount of damage has become an ongoing issue for a holistic recovery of the community. However, the City of Sullivan is also prone to drought, fire, hazard materials incidents and elevated flood risk.

After discussions with the City of Sullivan and the County regarding the best course of action, the State has decided to allocate funding for infrastructure replacement and upgrades in light of the severe weather and tornado event. This decision aims to maximize benefits for the largest number of residents, despite the limited funding available. The Community Development Block Grant Disaster Recovery funds will specifically address unmet needs related to infrastructure, including sewer and stormwater drainage, in response to the 2023 disaster in the City of Sullivan.

The mitigation assessment also highlighted the necessity for improved emergency preparedness and response in the City. This includes developing a local multi-hazard assessment plan, creating a flood management plan to guide the City's preparations, and establishing a dedicated alert system for future tornado occurrences to ensure public safety. Addressing these unmet and mitigation needs through infrastructure upgrades will help alleviate many of the issues caused by the tornado. Allocating CDBG-DR funds to enhance public infrastructure and the City's readiness for future severe weather and tornado events is a sound long-term strategy, both in terms of cost benefits and overall community mitigation efforts.

5.1. Leveraging Funds

OCRA understands the importance of leveraging all available funds and resources to increase its ability to address and mitigate against major disasters. The State anticipates leveraging CDBGDR funds with other funding sources such as FEMA and other State and local funds. CDBG-DR funds will be used to address critical unmet needs that remain after all other funding sources have been committed and exhausted to prevent any applicable duplication of benefits.

The disaster recovery infrastructure program can leverage FEMA funds by using CDBG-DR funds to match the required non-federal share for public assistance categories C through G. The funds to match the required non-federal share for public assistance categories C through G. The unmet needs of non-federal match and resiliency measures for FEMA PA is over \$35 million.

The mitigation and resilience planning program will leverage FEMA funds for Hazard Mitigation Plans. Additionally, technical assistance resources provided by the Indiana Department of Homeland Security can be leveraged for hazard mitigation plans.

The State remains committed to exploring additional federal, state and local funding to be leverage. The State has identified the resources below that can be used to finance mitigation strategies:

- **Building Resilient Infrastructure and Communities (BRIC) Grant:** This FEMA grant program provides funds to states, local communities, tribes, and territories for pre-disaster mitigation projects. The goal of BRIC is to support communities in their efforts to build resilience to natural disasters and other hazards.
- **Pre-Disaster Mitigation (PDM):** This FEMA grant program makes federal funds available to state, local, tribal, and territorial governments to plan for and implement sustainable cost-effective measures designed to reduce the risk to individuals and property from future natural hazards, while also reducing reliance on federal funding from future disasters.
- **USDA Rural Development Community Programs:** These federal programs finance drinking water and wastewater treatment systems in rural communities. They also fund essential community facilities like hospitals and emergency response. These programs can contribute to hazard resilience in rural areas by ensuring essential infrastructure is robust.
- **Indiana Finance Authority:** The State Revolving Fund (SRF) Loan Programs offer low-interest loans to communities in Indiana for projects focused on enhancing wastewater and drinking water infrastructure. The Revolving Loan Fund (RFL) Incentive, funded by the U.S. EPA, aims to support the redevelopment of brownfield sites across the state. This initiative provides eligible public and private borrowers with access to low-to-zero interest loans featuring flexible terms, along with subgrants awarded to qualifying political subdivisions and non-profits to help cover the costs of environmental cleanup.
- **Hazard Mitigation Grant Program (HMGP):** a FEMA program that provides funding to states, territories, and tribal governments to implement hazard mitigation measures after a disaster declaration, reducing long-term risk to people and property from future natural disasters. Under this program, FEMA requires a 25 percent local share, which could potentially be subsidized by CDBG-DR infrastructure funding. HMGP projects not eligible for CDBG-DR due to a lack of tieback to 2023 disaster or

not meeting a national objective, would remain an unmet need. Those projects will be evaluated for mitigation funding under CDBG-DR.

- **FEMA Public Assistance Match:** CDBG-DR fund will help offset the twenty-five percent (25%) FEMA match for various eligible public facilities activities pursuant to 24 CFR 570.201(c) and 24 CFR 507.201(f)(2). The Office of Community and Rural Affairs will give priority for activities that benefit at least 51% low-to-moderate income persons.

Eligible DR activities will include most activities eligible under FEMA Public Assistance – Category A, Category B (Permanent Restoration of Facilities), Category C, Category D (limited), Category E (buildings), Category F, Category G (limited).

Eligible activities will be determined by OCRA on a project by project basis. Projects will be evaluated using the following criteria:

- a) The importance of the project to post disaster recovery of the applicant;
- b) The percentage of low-to-moderate income persons served;
- c) The percentage of grant amount in relation to applicant's annual budget;

The State will assess the most effective ways to utilize the identified funding sources to enhance the recovery and mitigation efforts, thereby ensuring CDBG-DR funding can adequately address the unmet needs.

6.

General Information

6. General Information

6.1. Minimize Displacement of Persons or Entities

The State is committed to minimizing displacement of individuals and businesses resulting from projects funded through the CDBG-assisted program. This policy outlines the principles and requirements for achieving this objective.

Funding Criteria: The State shall only approve funding for applications that present projects and activities designed to displace as few persons or businesses as necessary while still fulfilling the goals and objectives of the state and local CDBG-assisted program.

Project Selection: The criterion of minimizing displacement will be a key factor in the selection and funding of projects.

Certification Requirement: All communities that receive funding must certify that their funded projects include measures to minimize displacement.

Local Displacement Minimization Plan: Funded communities are required to maintain a comprehensive local plan aimed at reducing the displacement of individuals or businesses resulting from CDBG-funded activities. This plan must ensuring compliance with the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (URA), as amended

Displacement Assistance: All CDBG-funded communities must provide support to individuals displaced as a result of CDBG-funded activities.

Benefits for Displaced Individuals: Each funded community is required to offer reasonable benefits to any person who is involuntarily and permanently displaced due a CDBG-DR project. To alleviate the negative impacts of displacement.

CDBG-DR funds may not be used to support any federal, State, or local projects that seek to use the power of eminent domain, unless eminent domain is employed only for a public use.

6.2. Mitigation Requirements

OCRA will leverage CDBG-DR funds to build economic and disaster resilience into all recovery programs and activities. The Action Plan, as written, intends to promote mitigation, rehabilitation, re-enforcement and elevation of existing structures and properties, and implement green building standards. OCRA and its subrecipients will ensure that all newly constructed buildings meet all locally adopted building codes, standards, and ordinances. In the absence of locally adopted and enforced building codes, the requirements of the International Existing Building Code will apply. Future property damage will be minimized by requiring that any rebuilding be done according to the best available data for that area with respect to base flood elevation.

Floodplain Management and Elevation Standards

The Federal Floodplain Management Risk Standards (FFRMS) apply to proposed projects funded with Community Development Block Grant Disaster Recovery funding. OCRA is unable to approve HUD grant financial assistance, including Community Development Block Grant and Recovery Housing funding, for critical or non-critical actions located in a floodway, unless an exemption applies under 24 CFR 55.8 or specific conditions are met under 24 CFR 55.8. Some action may also be expected under 24 CFR 55.12, from Part 55 Floodplain Management Requirements. It is the responsibility of the eligible local government to determine if the proposed project qualifies for an exemption under 24 CFR 55.8 or 22 CFR 55.12 from Part 55. All determinations will be based on available floodplain information using the most recent flood hazard data.

The elevation requirements depend on whether a proposed project is a critical action, 3 feet above the based flood elevation, or a non-critical action, 2 feet above based flood elevation. Local governments must provide the required information to consider the totality of the previous steps and the project composition for the Office of Community and Rural Affairs to approve of a project, with modification, or canceling a project as outlined in 24 CFR 55.20(f).

Proposed action within floodways and/or floodplains can only be approved if the community is actively participating in the FEMA Regular Program of the National Flood Insurance Program (NFIP) and has not been suspended from program eligibility or placed on probation. The community must be in good standing with the NFIP program to be eligible for OCRA's funding in accordance with 24 CFR 55.5. OCRA is unable to provide funding for existing structures without verification of good standing with the NFIP program. Proof of insurance must be provided as part of the documentation for the Environmental Review Record. OCRA may approve funding for new structures within the floodways and/or floodplains, if the structure is insured with the maximum limit of coverage available under the National Flood Insurance Program. Proof of insurance must be submitted as part of the project documentation closeout process.

Environmental Review

All activities funded with CDBG-DR must complete an environmental review and are subject to 24 CFR Part 58 and the provisions of the National Environmental Policy Act of 1969. OCRA will ensure that the applicable environmental reviews and assessments are met and documented before the use or commitment of funds for each activity. OCRA or its local government subrecipients will be responsible for compliance and performance of environmental reviews. When funding is provided to a unit of local government, that local government will be considered the responsible entity and will be responsible for the environmental review with oversight by OCRA.

Construction Standards

The Office of Community and Rural Affairs emphasizes proper assessment of damage and classification of the recovery solution to ensure use of high-quality, durable, sustainable, and energy efficient construction methods and materials. Local government has the

responsibility for enforcement, interpretation, and regulation and the local government will require quality and code compliance inspections on all projects.

Newly constructed or reconstructed residential buildings must s must meet at least one Green and Resilient Building Standard and at least one minimum energy efficiency standard.

The Green and Resilient Building Standard requires that all construction must meet an industry-recognized standard or rating system that has achieved certification under:

- Enterprise Green Communities;
- LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development);
- ICC-700 National Green Building Standard (NGBS) Green or NGBS Green+ Resilience;
- International Living Future Institute, Living Building Challenge;
- Greenpoint Rated New Home, Greenpoint Rated Existing Home (Whole House or Whole Building label);
- Earth Advantage New Homes;
- IBHS FORTIFIED Home (Roof, Silver, Gold); IBHS FORTIFIED Commercial (Roof, Silver, Gold); IBHS FORTIFIED Multifamily (Roof, Silver, Gold); 21
- NFPA 1140, Standard for Wildland Fire Protection;
- 2024 Wildland Urban Interface (WUI) Code; 22
- NFPA Firewise USA; 23 or
- Any other equivalent comprehensive green and/or resilient building standard acceptable to HUD.

All construction covered must also meet at least one energy efficiency certification including

- ENERGY STAR (Certified Homes or Multifamily High-Rise);
- DOE Zero Energy Ready Home;
- EarthCraft House, EarthCraft Multifamily;
- Passive House Institute Passive Building or EnerPHit certification from the Passive House Institute US (PHIUS), International Passive House Association;
- Greenpoint Rated New Home, Greenpoint Rated Existing Home (Whole House or Whole Building label);
- Earth Advantage New Homes; or
- any other equivalent energy efficiency standard acceptable to HUD.

For rehabilitation of non-substantially damaged residential buildings, State will follow the guidelines to the extent applicable to the building type being retrofitted, as specified in the HUD CPD Green Building Retrofit Checklist. When older or obsolete products are replaced as part of rehabilitation work, the project is required to use the materials and equipment specified in the checklist (e.g., Energy Star-qualified, Water Sense-labeled, or Federal Energy Management Program (FEMP)-designed products and appliances).

For infrastructure projects, State will encourage, to the extent practicable, implementation of sustainable planning, and design methods that promote adaptation and resilience. All projects and activities must comply with Federal regulations that are consistent with, or more stringent than, the flood resistant construction requirements in the Indiana Building Code and applicable floodplain management regulations set forth in 44 C.F.R. Part 60.

At a minimum infrastructure projects must comply with FEMA's hazard-resistant building code that is consistent with National Flood Insurance Program and incorporates best practices.

6.3. Cost Controls

All projects will be subject to cost reasonableness standards as outlined in the policies and procedures of the program specific to the applicable activity. Per 2 CFR 200.404, "A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost." OCRA will evaluate the estimated costs of all projects prior to final award and aim to ensure limited change orders, whenever possible. Costs will be evaluated based on the following

- The cost is necessary for the project
- The cost is in accordance with the market price for comparable goods or services

6.4. Duplication of Benefits

Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, generally prohibits any person, business concern, or other entity from receiving financial assistance with respect to any part of a loss resulting from a major disaster for which such person, business concern, or other entity has received financial assistance under any other program or from insurance or any other source. To comply with Section 312, OCRA shall ensure that each program and activity provides assistance to a person or entity only to the extent that the person or entity has a disaster recovery need that has not been fully met. As per the Duplication of Benefits Policy, OCRA and its subrecipients are subject to the requirements in Federal Register notices explaining the duplication of benefit req

6.5. Program Income

This Policy outlines the requirements set by the Office of Community and Rural Affairs for managing Program Income Policy. These requirements apply to CDBG grantees who generate program income from a project funded by the OCRA's CDBG program(s) including CDBG-DR.

Exemptions

The outlined requirements do not apply to the following:

- a) Housing-related grants made to applicants by the Indiana Housing & Community Development Authority (IHCDA), a separate agency, using CDBG funds allocated to IHCDA by OCRA.
- b) In accordance with 24 CFR 570.489(e)(2), program income does not cover funds generated by grantees and/or subrecipients from CDBG grants awarded by OCRA that are \$35,000 or less during a calendar year. In such cases, OCRA may allow local governments to keep the funding that doesn't exceed the \$35,000 threshold established by this policy.
- c) Program income generated by locally administered revolving loan funds to carry out specific activities. Grantees are not required to use the program income generated before drawing down grant funds awarded by OCRA for a different CDBG funded activities. However, program income in the revolving loan fund must be used before drawing down additional grant funds for other revolving fund activities in accordance with 24 CFR 570.489(f).
- d) Any interest earned, above the threshold in accordance 24 CFR 570.489(e)(2)(iv)(C), on a deposit of CDBG grant funds before disbursement of those funds for an eligible CDBG activity will be considered CDBG program income by OCRA. Interest earned should subsequently be used as a credit toward additional claims submitted, reducing the payment of a future claim by the amount of interest earned.

Program Income Generated by a Units of General Local Government

Program income generated by grantees and/or subrecipients from a CDBG grant(s) award must be returned to OCRA if such amounts are equal to or greater than \$35,000 per calendar year in accordance with 24 CFR 570.489. This income retains its CDBG federal identity per 24 CFR 570.489. All obligations of CDBG program income by a grantee require prior approval by OCRA. This includes the use of program income as matching funds for CDBG-funded grants from IHCDA.

Applicable local governments must contact the CDBG Program Director for guidance on the use of program income before obligating program income funds to other activities. Local governments that have been approved to use their program income to fund at least one project in the previous twelve (12) months will be considered active. Local governments that have been inactive in using their program income are required to return their program income to OCRA.

The U.S Department of Treasury regulations require that CDBG program income cash on hand balances be expended on any active CDBG grant(s) being administered by a grantee before additional federal CDBG funds can be requested from OCRA. These regulations apply to projects funded both by IHCDA and OCRA.

Eligible applicants with CDBG program income should strive to close out all active grant projects presently being administered before seeking additional CDBG assistance from the OCRA or IHCD.

Revolving Loan Fund Program Income by a Units of General Local Government.

The Program income collected as part of a locally established revolving loan fund is defined as the

repayment of CDBG funds received by borrowers, including the principal and any interest earned,

regardless of the amount collected. If OCRA authorizes Units of General Local Government to create locally administered revolving loan funds for specific activities in line with 24 CFR 570.489 (f), the local revolving fund balances must be held in an interest-bearing account in accordance with 24 CFR 570.500(b). Program income collected by grantees should only be maintained in a local revolving loan fund account for a short period of time before they are awarded back out to new local applicants. Units of General Local Government must ensure any revolving loan fund held are revolved in order for the account to be considered active by OCRA in accordance with 24 CFR 570.489(f).

It is OCRA's policy that grantees with local revolving loan funds must report on any program income earned and the revolving loan fund's activity on a quarterly basis. This report should be governed by guidelines provided by OCRA to its grantees in order to ensure the timely and proper reporting of any revolving loan fund program income generated.

Local governments who do not forgive loans issued as part of a CDBG program will continue to generate program income and must continue to report on in perpetuity on each loan made until all payments have been paid in-full, forgiven, or written off.

Transfer of Program Income Generated by Other HUD Funded Awards

At closeout of a U.S. Department of Housing and Urban Development funded award including, but not limited to, CDBG, CDBG Disaster Recovery (CDBG-DR), CDBG Cares Act (CDBG-CV), and the Neighborhood Stabilization Program (NSP), program income on hand or subsequently received by a grantee or subrecipient generated by that award may become program income of OCRA's CDBG formula grant program.

Grantees may transfer any amount of program income collected to OCRA. Program income generated by a grantee or its subrecipients that is transferred to OCRA continues to be subject to all CDBG requirements as outlined in 24 CFR 570.504(b)(3), even after closeout is achieved, until all program income is fully expended.

The transfer of program income generated by other HUD funded awards must comply with CPD 14-02: Closeout Instructions for Community Development Block Grant (CDBG) Programs Grant. OCRA will

assess the best use of any program income transferred to CDBG based on current needs and any applicable HUD guidance. Grantees must maintain an inventory of acquired real property and equipment and must properly report any new program income generated as instructed by HUD.

6.6. Citizen Participation

6.6.1. Consultation of Developing the Action Plan

In the development of this disaster recovery Action Plan, OCRA consulted with disaster affected citizens, stakeholders, local governments, nonprofit service providers, State agencies, public housing authorities, and other affected parties in the surrounding geographic area to ensure consistency of disaster impacts identified in the plan, and that the plan and planning process was comprehensive.

6.6.2. Public Comments

In accordance with the Universal Notice FR-6489-N-01, CDBG-DR grantees with allocations below \$20 million are not obligated to conduct a public hearing. The Office of Community and Rural Affairs received an allocation of \$7,663,000, which exempts it from the public hearing requirements. Nevertheless, the development and creation of the Action Plan involved consultation with the affected HUD-designated area and its stakeholders.

The CDBG-DR action plan will be available on the OCRA's website <https://www.in.gov/ocra/cdbg/consolidated-and-action-plans/> from April 28th, 2025 to May 27, 2025 (30- day public comment period). OCRA will ensure that all citizens have equal access to information, including persons with disabilities, elderly families, and those with limited English proficiency. To notify the public of the plan's availability, public notification was provided through the following methods

- Notices of availability of the draft plan(s) are sent through e-notifications that reach community development organizations, economic development officials, local government leaders and staff, housing developers, housing providers, social service providers, and advocacy organizations, among others, and posted on OCRA's websites.
- Direct email notices to local governments that have been active in supporting survivors in disaster recovery
- Announcements on agency-managed social media accounts

For at least 30 days, a draft Action Plan will be available for public review. A copy can be downloaded or viewed on OCRA's websites; hard copies can be requested by writing or emailing to: Office of Community and Rural Affairs (OCRA), c/o HUD Consolidated Plan or Action Plan, One North Capitol, Suite 600, Indianapolis, Indiana 46204-2027. Email comments can be sent to: CBDG@ocra.in.gov

OCRA will post notices in English and Spanish on their websites at least 14 days in advance of public hearings and publication of the draft plan(s). Notices will also be circulated 14 days in advance of public hearings and the draft plan(s) publication in press releases and/or e-notification distribution lists that OCRA typically utilize for information sharing

Upon reasonable request, these documents will be provided in a format that is accessible to persons with disabilities and in translated languages. The state's current Language Access Plan (LAP) determines the languages in which notice is provided.

6.6.3. Consideration of Public Comments

All written comments provided during the Consolidated Plan and Action Plan processes will be considered in finalizing the Plans. A summary of the comments received and a summary of the state's reasons for not accepting any comments will be included in the final Plans submitted to HUD. A summary of citizen comments on this Action Plan, along with OCRA responses, will be included in Appendix A of this document no later than two weeks after the public comment period ends.

Written comments will be accepted at any time during the Action Plan processes in email or in hard copy. Comments can be submitted in hard copy to: Office of Community and Rural Affairs (OCRA), **c/o CDBG-DR Action Plan**, One North Capitol, Suite 600, Indianapolis, Indiana 46204-2027. Email comments can be sent to: CBDG@ocra.in.gov with subject line: **HUD CDGB-DR Action Plan comments**.

6.6.4. Citizen Complaints

The state will provide a substantive written response to all written complaints related to the Consolidated Plan, Action Plan amendments and the CAPER within 15 working days of receiving the complaint. Residents and stakeholders may submit written complaints to: Office of Community and Rural Affairs (OCRA), **c/o HUD CDGB-DR Action Plan complaint**, One North Capitol, Suite 600, Indianapolis, Indiana 46204-2027. Email comments can be sent to: CBDG@ocra.in.gov with subject line: **HUD CDGB-DR Action Plan complaint**. Copies of the complaints, along with the state's response, will be sent to HUD if the complaint occurs outside of the Consolidated Planning or Action Plan process and, as such, does not appear in the Consolidated Plan.

6.6.5. Public Website

The Office of Community and Rural Affairs will maintain a public website that provides information accounting for how all grant funds are used, managed, and administered, including links to all disaster recovery Action Plans, Action Plan amendments, program policies and procedures, performance reports, citizen participation requirements, activity and program information described in this plan.

These items are made available through <http://www.ocra.com/recovery/cdbg-dr>. Specifically, OCRA will make the following items available: the Action Plan created using Disaster Recovery Grant Reporting (DRGR) system (including all amendments); each

Quarterly Performance Report (as created using the DRGR system); citizen participation plan; procurement policies and procedures; all executed contracts that will be paid with CDBG-DR funds as defined in 2 CFR 200.22 (including subrecipients' contracts).

In addition, OCRA will maintain a comprehensive website regarding all disaster recovery activities assisted with these funds. The website will be updated in a timely manner to reflect the most up to date information about the use of funds and any changes in policies and procedures, as necessary. At a minimum, updates will be made quarterly.

6.7.Modifications to the Action Plan

Throughout the CDBG-DR grant period, situations may arise that require the Office of Community and Rural Affairs to modify specific components of this Action Plan to more effectively respond to changing disaster recovery efforts, incorporate newly available data, or meet updated mitigation requirements. Thus, OCRA will amend the disaster recovery action plan as needed to optimally meet long-term recovery objectives and mitigation goals. These adjustments may result in either substantial or nonsubstantial amendments to the Action Plan.

The purpose of this Amendment Policy is to establish the parameters that the Office of Community and Rural Affairs will adhere to for substantial amendments to the Community Development Block Grant Disaster Recovery (CDBG-DR) Action Plan.

When modifications to sections of this action plan necessitate an amendment, OCRA will take the following steps:

- Ensure that the latest version of the Action Plan is available for viewing on OCRA's website as a single document, with all amendments clearly listed and enumerated.
- Highlight the amendments to identify any added or modified content.
- Include tables that clearly illustrate where funds are being moved
- Include an updated budget table that accurately reflects all funds related to the amendment.
- All amendments (substantial and non-substantial) will be numbered sequentially and posted to OCRA's website into one final, consolidated plan.

6.7.1. Substantial Amendment

In the event that a change to an approved Action Plan is required, OCRA will follow the public comments period described above. The conditions for whether to amend are referred to by HUD as "Substantial Amendment Criteria." The following conditions are considered to be Substantial Amendment Criteria:

- A substantial change in the allocation of funds among program categories

- “Substantial change” shall mean a reallocation of funds among program categories of more than 25 percent of the total allocation for a given program year’s block-grant allocation.
- A change in how applicants are evaluated and scored including grant size limits and criteria selection that could significantly change how an applicant is considered for funding.

An administrative decision to reallocate all the funds allocated to an activity in the Action Plan to other activities of equal or lesser priority need level, unless the decision is a result of the following:

- There is a federal government rescission of appropriated funds, or appropriations are so much less than anticipated that the state makes an administrative decision not to fund one or more activities;
- The governor declares a state of emergency and reallocates federal funds to address the emergency; or
- A unique economic development opportunity arises wherein the state administration asks that federal grants be used to take advantage of the opportunity.

Any changes in federal funding level after the Action Plan’s draft comment period has expired, and the resulting effect on the distribution of funds, will not be considered an amendment or a substantial amendment.

Citizen participation in the event of a substantial amendment. In the event of a substantial amendment to the Action Plan, the state will conduct at least one additional public hearing. This hearing will fall during a comment period of no less than 30 days, unless HUD allows a shorter period to expedite the amendment, during which the proposed Plan amendment will be made available to interested parties. OCRA will post information regarding the hearing on their website(s) and send out a notice via their distribution list.

In the event of substantial amendments to the Action Plan, the state will openly consider all comments from individuals or groups submitted at public hearings or received in writing. A summary of the written and public comments on the amendments and the state’s acceptance or rejection of each comment will be included in the amended Action Plan.

6.7.2. Non-Substantial Amendment

A non-substantial amendment is an amendment to the plan that includes technical corrections, clarifications and budget changes that do not meet the percentage threshold for substantial amendments. OCRA will notify HUD five (5) business days before the amendment becomes effective in accordance with FR-6336-N-01, Section I.C.6.b.

6.7.3. Availability and Access to Records

The state provides reasonable and timely access for residents, public agencies, and other organizations to access information and records relating to the state’s Action Plan, CAPERs,

substantial amendment(s), the CPP, and the state's use of assistance under the programs covered by the plan during the preceding five years.

The Indiana Office of Community and Rural Affairs webpage is <http://www.in.gov/ocra> is available for residents interested in obtaining more information about state services and programs or to review the plans and reports. A reasonable number of free copies will be available to residents upon request. Hard copies can be requested by writing or emailing Office of Community and Rural Affairs (OCRA), c/o CDBG-DR Action Plan, One North Capitol, Suite 600, Indianapolis, Indiana 46204-2027. Email requests can be sent to CDGB@ocra.in.gov

A. Appendix

Programs Rounds

The Mitigation and Resilience Planning (MRP) Economic Revitalization Program (ERP) and Owner-Occupied Rehabilitation (OOR) Program

For these three programs, applications are accepted three times a year. This is a single stage non-competitive application process, first come first serve.

Eligible units of local governments must first be HUD Designated MID areas, local units of government must contact their regional Community Liaison and Senior CDBG Policy Analyst to discuss their interest in Mitigation and Resilience Planning Program, Economic Revitalization Program and Owner-Occupied Rehabilitation Program grant. Then, an application can be submitted for consideration, review and threshold verification.

Disaster Recovery Infrastructure Program (DRIP) and Blight Elimination Program

The Disaster Recovery Infrastructure Program (DRIP) will be a two-stage non-competitive, first come first serve basis. The application process will be held twice each calendar year with a third-round possible.

Eligible applicants will first submit an abbreviated proposal. After submitting a proposal, eligible projects under the Federal Act will be invited to submit a full application. For each program, the full application will be reviewed and evaluated for threshold issues.

Technical Assistance on Demand

OCRA, as applicable, will provide technical assistance to the communities in the development of full applications and require an in-person site visit with the community prior to application.

An eligible applicant may submit only one application at a time. OCRA reserves the right to deny applications lacking credible readiness to proceed.

Other Requirements

While administrative responsibility for the Small Cities CDBG program has been assumed by the State of Indiana, the State is still bound by the statutory requirements of the applicable legislation passed by Congress, as well as federal regulations promulgated by the U. S. Department of Housing and Urban Development (HUD) respective to the State's CDBG program as codified under Title 24 of the Code of the Federal Register, and with consideration to non-regulatory guidance from HUD. HUD has passed on these responsibilities and requirements to the State and the State is required to provide adequate evidence to HUD that it is carrying out its legal responsibilities under these statutes.

As a result of the Federal Act, applicants who receive funds through OCRA's selection process will be required to maintain a plan for minimizing displacement of persons as a result of activities assisted with CDBG funds and to assist persons actually displaced as a result of

such activities. Applicants are required to provide reasonable benefits to any person involuntarily and permanently displaced as a result of the use of assistance under this program to acquire or substantially rehabilitate property. The State has adopted standards for determining reasonable relocation benefits in accordance with HUD regulations.

CDBG “Program Income” may be generated as a result of grant implementation. The State of Indiana may enter into an agreement with the grantee in which program income is retained by the grantee for eligible activities. Federal guidelines require that program income be spent prior to requesting additional draw downs. Expenditure of such funds requires prior approval from the Office of Community and Rural Affairs (OCRA). The State (Office of Community and Rural Affairs) will follow HUD regulations set forth under 24 CFR 570.489(e) respective to the definition and expenditure of CDBG Program Income.

All statutory requirements will become the responsibility of the recipient as part of the terms and conditions of grant award. Assurances relative to specific statutory requirements will be required as part of the application package and funding agreement. Grant recipients will be required to secure and retain certain information, provide reports and document actions as a condition to receiving funds from the program.

Grant management techniques and program requirements are explained in the OCRA’s CDBG Handbook, which is posted on the Office’s website. Revisions to the Federal Act have mandated additional citizen participation requirements for the State and its grantees. The State has adopted a written Citizen Participation Plan, which is available for interested citizens to review. Applicants must certify to the State that they are following a detailed Citizen Participation Plan which meets Title I requirements.

Technical assistance will be provided by the Office of Community and Rural Affairs to assist program applicants in meeting citizen participation requirements. The State has required each applicant for CDBG funds to certify that it has identified its housing and community development needs, including those of low and moderate income persons and the activities to be undertaken to meet those needs.

General Selection Criteria

The Office of Community and Rural Affairs (OCRA) will evaluate applications using the criteria listed below. Although projects will be assessed for these criteria during the proposal stage, failing to meet them at this stage will not automatically disqualify a project.

Instead, the community will be informed of any issues identified during the proposal review. Communities must address and rectify any identified deficiencies prior to submitting a final application for the project to be considered for funding.

The proposal review stage applies only to programs that have a two-stage application process.

General Criteria (all programs - see exception for program income policy)

1. The applicant must be a legally recognized general-purpose unit of local government and qualified to apply for the state program.
2. The applicant must possess the legal capacity to carry out the proposed program.
3. If the applicant has previously received funding through CDBG, they must have successfully completed the program. Additionally, the applicant should not have any outstanding closeout reports, State Board of Accounts audit findings, or unresolved monitoring issues from OCRA/IHCDA that are the community's responsibility to address. The determination of what constitutes "overdue" is entirely at the discretion of the Indiana Office of Community and Rural Affairs.
4. The applicant must not have any overdue CDBG semi-annual Grantee Performance Reports, subrecipient reports, or other reporting obligations required by OCRA/IHCDA. The classification of any report as "overdue" is solely at the discretion of the Indiana Office of Community and Rural Affairs.
5. The applicant must clearly demonstrate how the proposed project will fulfill one of the three national CDBG objectives and meet the criteria outlined in 24 CFR 570.483.
6. The applicant must show that the proposed project is an eligible activity under Title 1 of the Housing and Community Development Act of 1974.
6. The applicant must first encumber/expend all CDBG program income receipts before applying for additional grant funds from the Office of Community and Rural Affairs.
7. To be eligible to apply at the time of an application submission, an applicant must not have any of the following:
 - a. Overdue grant reports, sub-recipient reports or project closeout documents; or
 - b. More than four (4) CDBG grants that are open or pending award (Indiana cities and incorporated towns), or five (5) CDBG grants that are open or pending award (Indiana counties) from OCRA;
 - c. For those applicants with an open MSRP, WDW, PFP, SIP or BCP a "Notice of Release of Funds and Authorization to Incur Costs" must have been issued for the construction activities under the open MSRP, WDW, PFP, SIP or BCP contract, and a contract for construction of the principal (largest funding amount) construction line item (activity) must have been executed prior to the deadline established by OCRA for receipt of applications for funding. d. For those applicants who have open Planning Fund grants, the community must have final plan approved by the Office of Community and Rural Affairs prior to submission of MSRP, SIP, WDW, PFP, or BCP application for the project.
 - d. To be eligible to apply at the time of application submission, an applicant must not have:

- e. Any unresolved complaints filed against the applying party with the Indiana Civil Rights Commission or any other local human relations commission with jurisdiction (collectively “Commissions”)
 - i. A complaint during the investigation stage can be resolved for the purposes of this application if the applying party provides the response it submitted to the Commissions and provides verification that it is cooperating in the investigation.
 - ii. To resolve a complaint for the purposes of this application that has received a finding of Probable or Reasonable Cause, the complaint must be closed in a manner that includes the applying party taking a fair housing training and implementing a relevant policy to prevent future possible discriminatory incidents. The applying party need not take the training or implement the policy prior to the application being submitted if the applying party can provide proof that it intends to complete the training and implement the policy within a reasonable period of time. If a complaint has been closed and the closure did not include training or the implementation of a policy, then the applying party can elect to contact the Commissions to voluntarily complete training and have Commissions assist in the implementation of a relevant policy.
 - iii. To resolve a complaint that merits litigation, the applying party must submit evidence that the complaint cannot be settled (i.e. settlement ask too high etc.) and evidence that training and a policy are not the impediments to settlement. Possible evidence can include offer letters, statements of disputed legal questions, statements of disputed facts, statements on behalf of the Commissions that they are unwilling to settle the case, or any similar document that illustrates the case is not ripe for settlement.
 - b. An unresolved pattern of complaints filed against the applying party with the Indiana Civil Rights Commission or any other local human relations commission with jurisdiction (collectively “Commissions”)
 - iv. A pattern for purposes of this application is defined as any more than an average of two complaints over a period of four years, regardless of outcome.
 - v. To resolve a pattern of complaints for purposes of this application, the applying party must partner with the Commissions or other equivalent housing organization to fully review the applying party’s current policies for best practices as well as for compliance with the Indiana Fair Housing Act and Indiana Civil Rights Law. Additionally, the

applying party must show proof that the applying party intends to undergo annual fair housing training for all of its employees that regularly interact with tenants and biannual training for all supervising employees for at least one year.

- f. The cost/beneficiary ratio for all CDBG-DR funds is waived for this program.
- g. Required leveraging based on program (as measured against the CDBG project, see definitions) must be proposed. The Indiana Office of Community and Rural Affairs may rule on the suitability and eligibility of such leveraging.
- h. The applicant may only submit one proposal or application per round per program. Counties may submit either for their own project or an “on-behalf-of” application for projects of other eligible applicants within the county. However, no application will be invited from an applicant where the purpose is clearly to circumvent the “one application per round” requirement for other eligible applicants.
- i. The application must be complete and submitted by the announced deadline.

Grant Evaluation Criteria

To be eligible for an award, applications must attain a narrative that meets all of the requirements of the CDBG-DR program including clear demonstration of a tieback to the disaster and meeting the mitigation measures for each program.

Additionally, all of the proposals and applications submitted will be reviewed for threshold requiring each proposal and applications to meet a level of readiness to process upon grant award.

National Objective Score

Each proposed project submitted for funding must meet one of the three National Objectives including:

- Benefit to Low- and Moderate-Income Persons
- Prevention or Elimination of Slums or Blight
- Urgent Need

Each national objective requires provision of information that will be verified upon submission of proposal or application.

Community Resilience Index

The Chief Elected Official must submit a vision statement clearly describing how the project benefits the community short term and long term recovery and mitigations efforts. The vision statement must explain how the project will increase the community’s resilience score in the next five years in the following metrics

- Structure of the local economy / Industry diversity
- Entrepreneurship
- Human capital (Education attainment and Labor force participation)
- Labor force participation
- Social Capital
- Broadband Income Inequality
- Homeownership (an indicator of community attachment)

The vision resilience statement specified above must be submitted along with the application. Community Resilience Index scores, which are updated and published annually, can be found at: <https://www.stats.indiana.edu/topic/cdbg.asp> This score will be taken into account for establishing program mitigation measures

Project Design Factors

Each proposal and applications submitted to OCRA must include the following four components

1. Project Description – Is the project clearly defined as to determine eligibility?
2. Project Need - Is the community need for this project documented and compelling?
3. Financial Impact - Why is grant assistance necessary to complete this project?
4. Tieback to disaster- How is the project tieback to the qualifying disaster?

Questions for these categories are defined for each program round and are provided to applicants that submit a proposal at the site visit, the objective is to ensure that application and proposals meet the requirements of the CDBG-DR program. The questions are subject to change each round. Applicants should refer to the application instruction, narrative guide and other resources to address all questions present. Applicants are encouraged to work with their OCRA Community Liaison to identify ways to increase their project's application compliance with the program requirements.