

STATE OF INDIANA  
AMENDMENT #4 TO ACTION PLAN  
FOR CDBG SUPPLEMENTAL DISASTER RECOVERY FUNDS  
(Method of Distribution Section Only)

U.S. Department of Housing and Urban Development  
Docket No. FR-5256-N-01  
[Federal Register: August 14, 2009 (Volume 74, Number 156)]



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## **METHOD OF DISTRIBUTION**

All local units of government (cities, towns, counties) will be eligible for the Disaster Recovery program, including HUD Entitlements.

### **Indiana Housing and Community Development Authority (IHCDA) Programs:**

#### Rental Housing Finance Fund

The state of Indiana plans to invest \$45,000,000 to develop affordable rental properties in communities devastated by the disasters of 2008. The rental markets in many of the communities impacted the most suffered from an under supply of units and excessive demand from income-restricted households.

Utilizing CDBG Disaster Recovery Funds to replace and expand rental opportunities in these communities meets two key objectives: 1) allows existing residents to remain in the community; and 2) provides a ready supply of housing alternatives for a service sector workforce that previously could not afford to reside in the community. Funds may also be used to finance offsite infrastructure that is requisite for a housing development that is financed by IHCDA. Applications will be accepted and awards made until all funds have been expended.

*Allocation: \$45,000,000*

#### Emergency Housing Plans

Indiana proposes to use \$1.5M (\$15k per county) for County Emergency Housing Plans. During the 2008 floods it became apparent that county wide housing disaster plans would provide great assistance in determining potential emergency shelter points, identifying short term and long term rental housing resources including hotels, motels, single family landlords and apartment owners. Establishing upfront relationships with these partners and processes in the event of a future disaster is of vital importance in ensuring a successful and timely response.

*Allocation: \$1,500,000*

#### Flood Plain Acquisition and Green Space Development

IHCDA, in coordination with the Indiana Department of Homeland Security (IDHS), proposes to provide grants that allow cities, towns, and counties to acquire and demolish substantially damaged residential properties contained within a floodplain or floodway and to redevelop the area into permanent green

space for community use. The voluntary program must be initiated by a local community and be agreed to by individual homeowners.

In order to be considered for mitigation funds, communities must have a state-approved hazard mitigation plan or a FEMA-approved multi-hazards mitigation plan. The Indiana Department of Homeland Security has provided grants to the 42 counties impacted by the floods to complete these plans. To expedite the federal process, FEMA has given approval for communities to apply for mitigation funds while they assemble their multi-hazards plans. Interested communities must submit a joint grant application to IDHS.

This appropriation of Disaster Recovery Funds will not be used for the 25% non-federal match requirement under FEMA's Hazard Mitigation Grant Program. Rather it will be used to fill the mortgage gap that is created by shortfalls in FEMA payout or to purchase state-approved mitigation properties. This use will ensure that homeowners have the necessary funds to obtain suitable replacement housing. Local communities in coordination with IDHS will determine the gap each homeowner may experience or the cost of the buyout property. Communities may also use these funds to repurpose the mitigation area into usable greenspace for community residents.

The Flood Plain Acquisition and Green Space Development Program has no maximum grant amount. Applications will be awarded on an ongoing basis until all funds are expended.

*Allocation: \$5,000,000*

*DREF Category: B*

*DREF Eligible Activities: \$5,000,000*

#### Owner Occupied Rehabilitation Fund

The state of Indiana plans to invest \$23,000,000 in the rehabilitation of owner-occupied homes in communities devastated by the disasters of 2008. The owner-occupied markets in many of the communities have lagged due to eligibility criteria for and funding caps in federal assistance. Repairs under this program are intended to remediate health and safety issues (e.g., mold), reduce energy consumption, and improve accessibility and visitability.

Utilizing CDBG Disaster Recovery Funds to rehabilitate owner-occupied homes in these communities meets two key objectives: 1) allow existing residents to return or to remain in the community; and 2) assist owner-occupied victims of the disaster that were not made whole or did not receive rehabilitation funds from FEMA. Applications will be accepted and awards made until all funds have been expended.

*Allocation: \$23,000,000*

### Community Revitalization Fund

The State of Indiana plans to invest \$5,000,000 to supplement the States current NSP projects or fund NSP projects that were not funded during the competitive allocation. NSP funds are used to marshal resources and to deploy comprehensive strategies in a concentrated footprint that will serve as a catalyst for additional investment. Funds will be used for demolition of blighted structures, the rehabilitation of housing units, commercial façade and infrastructure improvements. Applications will be accepted and awards made until all funds have been expended.

*Allocation: \$15,000,000*

### Local Grantee General Administration

IHCDA will set aside \$870,958 of its CDBG Disaster Recovery Funds for payment of local costs associated with administering the Supplemental Disaster grants. These funds will be used by the local grantee for general administrative expenses associated with administering the State CDBG Program.

*Allocation: \$870,958*

### **Indiana Office of Community and Rural Affairs (OCRA) Programs:**

#### Storm Drainage Improvements

Inadequate storm drainage had an enormous impact on the severe flooding in Indiana. In order to revitalize these communities and mitigate future flooding, the State is obligating \$45,000,000 to storm drainage systems. Eligible projects will either have sustained damage in a disaster or be vital to the economic recovery of the area. All projects must meet the National Objective of LMI Area Benefit (51% low to moderate income persons).

Projects/applications will be evaluated using the following criteria:

1. The importance of the project to post disaster recovery of the applicant – 40%
2. The percentage of low-to-moderate income persons served – 30%;
3. The relative economic distress of the applicant – 15%;
4. Applicant ranking on the OCRA Rurality Index – 15%.

Grants were awarded in 2 competitive funding rounds. Actual grant amounts are negotiated on a case by case basis and the amount of assistance will be dependent upon the factors described above. There is a \$1,000,000 maximum grant award for the Storm Drainage Improvements Program.

Lack of proper storm drainage causes a severe risk to communities, particularly homeowners, from stormwater and wastewater causing damage to homes, basements to flood, properties to erode, etc. OCRA has over \$49MM in eligible applications that went unfunded due to limited resources.

*Allocation: \$44,840,130*

*DREF Eligible Activities: \$33,630,000*

*Rationale: All Storm drainage projects met the National Objective of LMI on an area basis. The project areas were all primarily residential. Taking into consideration the fact that there are some non-residential structures residing in all projects, the State has estimated that approximately 75% of all project costs are directly reducing the risk of damage to residential properties.*

#### Wastewater and Drinking Water System Improvements (SRF/USDA)

Eligible applicants will have approved projects with the Indiana State Revolving Fund and/or the USDA-RD Water and Environmental Programs. Eligible projects will either have sustained damage in a disaster or be vital to the economic recovery of the area. All projects must meet the National Objective of LMI Area Benefit (51% low to moderate income persons).

Applications will be evaluated using the following criteria:

1. The importance of the project to post disaster recovery of the applicant;
2. The percentage of low-to-moderate income persons served;
3. The relative economic distress of the applicant;

Grant applications will be accepted and awards made until funding is no longer available. Grant amounts will be determined at the discretion of OCRA based on the above criteria.

*Allocation: \$96,472,268*

#### Wastewater and Drinking Water Small Projects Program

Eligible projects will either have sustained damage in a disaster or be vital to the economic recovery of the area. All projects must meet the National Objective of LMI Area Benefit (51% low to moderate income persons).

Applications will be evaluated using the following criteria:

1. The importance of the project to post disaster recovery of the applicant – 40%
2. The percentage of low-to-moderate income persons served – 30%
3. The relative economic distress of the applicant – 20%
4. Applicant ranking on the OCRA Rurality Index – 10%

Grants will be awarded in 1 competitive funding round. There is a \$1,000,000 maximum grant award for the Wastewater and Drinking Water Small System Program.

*Allocation: \$31,930,000*

## Dam and Levee Improvements

Many dams and levees in the State of Indiana have significant safety deficiencies and/or damage or failure from storm events. The failure of one of these structures would be an immediate risk to the residential properties currently within the “area of affect” as determined by DNR.

Numerous levees are required to bring older levees up to current standards in order receive FEMA certification. Without these upgrades and certification, not only are all homes protected by the levee in serious danger of flooding, but also will require all homeowners protected by the levees, many who are low income families, to carry flood insurance.

Not only were many of the dams in Indiana affected by the 2008 disasters, but many of these same dams are not up to current standards. These dams must be brought up to current standards based on the newest data on flood elevations in order to continue to function properly.

OCRA, in coordination with the Department of Natural Resources (DNR) will provide grants to communities to address damaged and failing dams and levees. These dams are owned by local units of government or not-for-profit organizations and have significant safety deficiencies and/or damage or failure from storm events. The owners will typically consider these structures an asset that needs to be upgraded to a better condition or a nuisance that need to be decommissioned; both considerations are to protect the community safety and economic development. Eligible projects will either have sustained damage in a disaster or be vital to the economic recovery of the area. Projects must meet the National Objective of either Urgent Need or LMI Area Benefit (51% low to moderate income persons). National Objective will be determined by the Office of Community and Rural Affairs.

Applications will be evaluated using the following criteria:

1. The extent of damage caused by a 2008 storm event;
2. The importance of the project to post disaster recovery of the applicant;
3. The DNR assessed hazard level;
4. The percentage of low-to-moderate income persons served;
5. The relative economic distress of the applicant;

Grant applications will be accepted and awards made until funding is no longer available. Grant amounts will be determined at the discretion of OCRA based on the above criteria.

*Allocation: \$25,235,000*

*DREF Category: C*

*DREF Eligible Activities: \$10,094,000*

*Rationale: OCRA believes that at least 40% of this program category will be for activities that meet the criteria for DREF funding.*

### Waterway Debris Removal Program

In coordination with the Department of Natural Resources (DNR), OCRA intends to make funds available to local communities to address the impact of the 2008 storms on our waterways. Logjam and debris obstructions left unattended within a waterway will continue to grow in size and density over time. As these obstructions grow in size, it takes smaller and smaller storm events to cause upstream flooding. These obstructions restrict or may even totally cut off the flow of water in the channel or they may completely reroute the flow of water in a different direction. Flooding is more frequent, flood depths are higher, and the duration of flooding is longer in those areas located upstream from an obstruction in the waterway. The resulting impacts caused by logjams and debris left within a waterway pose significant threats to public safety and economic development. Due to the significant risk of continual flooding, OCRA has deemed all projects in this program category to meet the criteria for the National Objective of Urgent Need. OCRA will apply the National Objective of LMI Area Benefit whenever possible. Eligible projects will either be a direct effect of one of the three (3) 2008 federally declared disasters or can justify that the project is vital to the economic recovery of the area.

Applications will be evaluated using the following criteria:

1. The extent of damage caused by a 2008 storm event;
2. The importance of the project to post disaster recovery of the applicant;
3. The percentage of low-to-moderate income persons served;
4. The relative economic distress of the applicant;

Grant applications will be accepted and awards made until funding is no longer available. Grant amounts will be determined at the discretion of OCRA based on the above criteria.

*Allocation: \$7,210,000*

### Community Economic Development Program

Eligible projects will be vital to the economic recovery of the area. Eligible projects will create jobs for a minimum of 51% low-to-moderate income persons.

Projects/applications will be evaluated using the following criteria:

1. The importance of the project to post disaster recovery of the applicant;
2. The number of low-to-moderate income jobs to be created/retained;
3. The average hourly wage of the jobs created/retained.

Grant applications will be accepted and awards made until funding is no longer available. Actual grant amounts are negotiated on a case by case basis and the amount of assistance will be dependent upon the factors described above. There is no maximum grant award for the Economic Development Program.

*Allocation: \$29,878,750*

### Clearance/Demolition Program

There is a significant need for funds to address clearance/demolition of deteriorated buildings around the state. In many instances these unsightly and dangerous buildings are a detriment to economic recovery. Eligible projects will either have sustained damage in a disaster or be vital to the economic recovery of the area.

Projects/applications will be evaluated using the following criteria in a single competitive round.

1. The importance of the project to post disaster recovery of the applicant – 40%;
2. The percentage of low-to-moderate income persons served – 40%;
3. The relative economic distress of the applicant – 10%;
4. The rurality of the applicant – 10%.

Grants will be awarded in 1 competitive funding round. Actual grant amounts are negotiated on a case by case basis and the amount of assistance will be dependent upon the factors described above. There is a \$500,000 maximum grant award for the Clearance/Demolition Program.

*Allocation: \$5,649,550*

### Flexible Fund

The Office of Community and Rural Affairs recognizes that communities may be faced with important local concerns that require project support that does not fit within the parameters of its existing CDBG Disaster Recovery programs, but are nonetheless deserving of funding for long term recovery and/or economic recovery of the disaster affected area.

The Flexible Fund is designed to provide funding for projects that are deemed a priority by the State but do not meet the timeframes of existing programs.

These activities must be eligible for funding under a national objective of the Federal Act and requirements of 24 CFR 570.208 and 24 CFR 570.483 of applicable HUD regulations, or be an eligible planning only activity.

The community must demonstrate that the situation requires immediate attention (i.e., that participation in a CDBG Disaster Appropriation #2 program would not be a feasible funding alternative or poses an immediate or imminent threat to the health or welfare of the community) and that the situation is not the result of negligence on the part of the community. Communities must be able to demonstrate that reasonable efforts have been made to provide or obtain financing from other resources and that such effort where unsuccessful, unwieldy or inadequate. Alternatively, communities must be able to demonstrate that an opportunity to complete a project of significant importance to the community would be lost if required to adhere to the timetables of competitive programs.

**Activities to be Carried Out Directly:** The State intends to use \$290,000 from the Flexible Funds Program for a *Hydrologic-Response Model for Flood Mitigation in the Upper Lost River Watershed, Orange County, Indiana*. The purpose of this project is to provide flood magnitude and frequency

estimates for various rainfall scenarios and to develop a Hydrologic Data Model (HDM) for the upper Lost River watershed. Because the watershed is lacking in historic streamgage data, estimates of flood magnitude and frequency will be developed using new computer model tools; this will necessitate field data collection efforts to characterize the complex hydrology of the watershed. OCRA is partnering with the U.S. Army Corps of Engineers (USACE) and the U.S. Geological Survey Indiana Water Science Center (USGS) for this project.

**Activities to be Carried Out Directly:** Indiana has seen loss of life and increasing damages from flooding. In order to protect communities from future flood damages, the State proposes to use \$1,360,000 to develop flood inundation mapping within the 82 counties eligible for CDBG disaster recovery assistance. This activity proposes two classes of floodplain map products: (1) detailed libraries of flood inundation maps for 23 selected NWS flood forecast or observation points in communities within the 82 eligible counties; and (2) county-wide floodplain extent maps using the Natural Resources Conservation Service (NRCS) National Cartography and Geospatial Center Soil Survey Geographic (SSURGO) Database. The advantage to communities and rural residents in the 82-county area of this approach is that the detailed flood inundation maps, tied to existing streamgage/forecast points, will be a valuable mitigation, response, and recovery tool for densely populated and flood prone communities whereas the SSURGO generated maps will provide flood extents for entire counties very economically.

**Activities to be Carried Out Directly:** The State of Indiana recognizes the dangers that Fluvial Erosion Hazard (FEH) represents to life, property, and infrastructure in Indiana are substantial and have the potential to grow in number and severity. It is generally understood that construction and development increases the potential for runoff and often initiates periods of channel instability, thereby triggering an increase of FEH issues. It is therefore imperative that Indiana communities be provided with mapping, planning, and zoning tools to mitigate fluvial erosion hazards. Indiana does not have these tools available, thus the Silver Jackets saw a critical need to begin an FEH component. This forward-thinking mitigation project will begin an FEH program for Indiana and produce tools to aid low to moderate income communities with FEH mitigation. Using the FEH, local governments will be equipped to carry out their responsibility to protect citizens and their property by mitigating fluvial erosion hazards. OCRA intends to use \$1,500,000 on this project.

*Allocation: \$3,150,000*

*DREF Category: A*

*DREF Eligible Activities: \$3,150,000*

### Emergency Services Program

Eligible projects will either have sustained damage in a disaster or be vital to the economic recovery of the area. Projects must meet the National Objective of LMI Area Benefit (51% low-to-moderate income persons).

Projects/applications will be evaluated using the following criteria in a single competitive round.

5. The importance of the project to post disaster recovery of the applicant – 40%;
6. The percentage of low-to-moderate income persons served – 30%;
7. The percentage of grant amount in relation to applicant's annual budget – 5%;

8. The relative economic distress of the applicant – 10%;
9. The rurality of the applicant – 15%.

Grants were awarded in 1 competitive funding round (awarded September 2009). Actual grant amounts are negotiated on a case by case basis and the amount of assistance will be dependent upon the factors described above. There is a \$500,000 maximum grant award for the Emergency Services Program.

*Allocation: \$2,794,520*

#### Downtown Revitalization Program

Eligible projects will be vital to the economic recovery of the area. Projects must meet the National Objective of LMI Area Benefit (51% low-to-moderate income persons). Grants will be available for Downtown Revitalization Plans and Downtown Revitalization Implementation Projects.

Projects/applications will be evaluated using the following criteria in a single competitive round.

1. The importance of the project to post disaster recovery of the applicant – 40%;
2. The percentage of low-to-moderate income persons served – 30%;
3. The percentage of grant amount in relation to applicant's annual budget – 5%;
4. The relative economic distress of the applicant – 10%;
5. The rurality of the applicant – 15%.

Grants were awarded in 1 competitive funding round (awarded September 2009). Actual grant amounts are negotiated on a case by case basis and the amount of assistance will be dependent upon the factors described above. There is a \$50,000 maximum grant award for Downtown Revitalization Plans and a \$500,000 maximum grant award for Downtown Revitalization Implementation.

*Allocation: \$2,490,340*

#### Administration

The State will set aside \$8,361,185 of its CDBG Disaster Recovery Funds for payment of costs associated with administering the Program (Docket No. FR-5337-N-01). This constitutes two and one-half percent (2.5%) of the State's CDBG Disaster Recovery allocation. These funds will be used by the Office of Community and Rural Affairs (OCRA) and the Indiana Housing and Community Development Authority (IHCDA) for expenses associated with administering the State CDBG Program, including direct personal services and fringe benefits of applicable staff, 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.).

*Allocation: \$8,361,185*