U.S. Department of Housing and Urban Development

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Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006

Substantial Amendment to

Florida Department of Community Affairs Disaster Recovery Program Action Plan

Supplemental Appropriation addressing Hurricane Wilma

Charlie Crist
Governor

Thomas G. Pelham
Secretary
Florida Department of Community Affairs
2555 Shumard Oak Boulevard
Tallahassee, Florida 32399-2100

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The Impact of the 2005 Hurricane Season
The 2005 Atlantic hurricane season developed as the most active season on record, shattering historical records. The season included 27 named storms, with 15 hurricanes, of which seven were major. It was by far the most devastating hurricane season the country has experienced in modern times.

During 2005, four hurricanes impacted the State of Florida. On July 10, Category 3 Hurricane Dennis struck the Florida Panhandle, which was still recovering from the devastation caused by Hurricane Ivan less than a year before. On August 25, Hurricane Katrina hit just north of Miami as a Category 1 storm, causing tornadoes and wind damage in Southeast Florida. On September 20, Hurricane Rita passed just south of the Florida Keys, causing flooding and storm surge in the chain of islands. On October 24, Category 3 Hurricane Wilma struck the southern peninsula of Florida, causing major damage in Southwest Florida, the Florida Keys and heavily populated counties in Southeast Florida. Hurricane Wilma caused the largest disruption to electrical service ever experienced in Florida, with as much as 98 percent of South Florida without power after landfall. Wilma ranks as one of the costliest hurricanes on record. By the end of hurricane season, 37 of Florida's 67 counties had been declared a federal disaster area for the purpose of public assistance.

Even as our state continued to prepare, respond and recover from hurricanes, Florida quickly responded to the requests from federal and state emergency managers to support our neighbors in the wake of Hurricane Katrina. Within hours of the second landfall of the catastrophic storm along the Gulf Coast, Florida began deploying first responders in Louisiana, Mississippi and Alabama. More than 7,000 Floridians, including members of the Florida National Guard, Florida Highway Patrol, Florida Department of Law Enforcement, county sheriffs, local police and fire departments, specialized search and rescue teams, emergency response managers, doctors, nurses and medical professionals, came to the aid of the people in those states. Along with essential equipment and communication tools, Florida advanced more than $80 million in state and local funds to assist with these efforts, providing more than 3.6 million gallons of water and 19 million pounds of ice to help affected residents.

The catastrophic storms destroyed and damaged thousands of homes. More than 40,000 roofs were temporarily repaired through the Corps of Engineers "Blue Roof" program. FEMA made available over 2,000 travel trailers and mobile homes for those left homeless by the storms. More than 625,000 Floridians registered for FEMA assistance and grants were provided to these 2005 disaster victims for housing repair and rental assistance and to repair or replace personal property. Hurricane Wilma alone impacted 275,437 housing units:

- 3,124 units were destroyed by Wilma
- 38,441 units sustained major damage from Wilma
- 119,038 Wilma units were estimated to be lived in by homeowners/renters with annual incomes at or below $30,000 (*FEMA data compiled by Shimberg Center for Affordable Housing, UF)*
- $4.6 billion in insurance claims for Wilma damage alone

HUD subsidized rental units were hit hard by the disaster. Of the 17,804 HUD subsidized units in the Wilma counties, two developments reported severe damage with relocations, 61 households required temporary relocation, and 134 developments reported damage. Of the public housing units in the area, 4,974 units reported damage with the units remaining habitable; 401 units reported severe damage and were uninhabitable. A total of 393 households were displaced. Approximately 600 multi-family units financed by the Florida Housing Finance Corporation also received minor damage.

State of Florida Response

The executive and legislative branches of government have made hurricane preparedness, response and recovery a statewide priority. One of the state's highest priorities has been to establish a "Culture of Preparedness" to ensure that Florida's families and businesses as well as all levels of government take necessary safety measures as we prepare for future hurricane seasons. The Florida Legislature provided significant funding in 2006, including $41 million in tax relief, to establish this culture of preparedness among all Florida families and businesses, improve our response to disasters, and continue our recovery from hurricanes.

Preparedness and Response

The State of Florida has developed model strategies for disaster preparedness, response and recovery. Not only have the state's disaster response and recovery services provided outstanding results for Florida's hurricane victims, our disaster response efforts have been extended to provide assistance to our sister states. Governor Charlie Crist is committed to maintaining the level and quality of services expected and necessary to meeting the needs of Florida's citizens following future catastrophic events. This commitment is demonstrated by providing over $164 million to assess and improve current strategies through the following programs: Culture of Preparedness, to foster family disaster preparation; Special Needs Shelters, ensuring provision of services with permanent generators; General Population Shelters, to create additional public shelters; Emergency Operations Centers, to build or enhance county Emergency Operations Centers; Hurricane Modeling and Evacuation Plans, to apply new technology for understanding storm surge and updating regional evacuation plans; Logistics, to improve distribution of essential commodities to disaster victims; and Training for First Responders.

Additionally, the Florida Legislature approved the Hurricane Preparedness Tax Holiday, which provided tax-free purchases of supplies and equipment to prepare for hurricanes, including flashlights, batteries and generators. The Tax Holiday saved Floridians $41 million going into the 2005 hurricane season.

Housing Recovery

The State has focused significant resources on affordable housing recovery, appropriating state funds to leverage federal resources for this purpose. In addition to $4.54 million in emergency State Housing Initiatives Partnership program funding to a number of impacted Wilma counties, the 2006 Legislature appropriated an additional $107.9 million for affordable rental housing targeted to elders and families, including those with special needs and farmworkers. Moreover, Florida Housing Finance Corporation incorporated special targeting for developments in Wilma counties into its regular program resources, including Low Income Housing Tax Credits, Mortgage Revenue Bond Authority, State Apartment Incentive Loans and Downpayment Assistance. The Legislature also appropriated $100,000 for training and technical assistance to local governments and community based organizations that are implementing long-term housing recovery strategies.

Florida received a supplemental appropriation of $82.9 million in CDBG funds in early 2006. The Florida Department of Community Affairs has directed these funds to meet the needs of communities impacted by Hurricane Wilma with a priority for affordable housing in the most impacted areas of the state. In addition, $2 million in Florida Small Cities CDBG Program Emergency Set-Aside funds was made available to assist Hurricane Dennis impacted areas.

The Florida reBuilds initiative was implemented to respond to a severe shortage in construction industry workers. This program provides $18 million to train as many as 11,000 craftsmen such as electricians, plumbers, roofers, masons and carpenters, to help the state repair and rebuild from two devastating back-to-back hurricane seasons.

Insurance Crisis and Florida's Response
Equally important to the recovery process is the need to ensure that Floridians are able to maintain insurance on their homes and businesses and that public facilities and infrastructure remain insured. The 2.8 million insurance claims ($36 billion) filed after the 2004 and 2005 hurricanes resulted in an insurance crisis in the State of Florida. Record payouts on claims demanded industry relief which was felt immediately in terms of cancelled policies and rate increases. As a result of the insurance industry's recovery needs, low and moderate income citizens, already faced with paying high insurance rates, now face even higher premiums. And, although housing was damaged or destroyed in specific areas hit hardest by the hurricanes, rate increases have occurred statewide. Without relief, homeowners with mortgages may have coverage placed for them by their mortgage bank, known as forced placed coverage, at four to five times the current rate and reduced policy provisions. Homeowners without mortgages may have to let their policies lapse. Given the potential for future hurricane related events, the state is aggressively addressing this crisis and actively pursuing reforms to address the problem statewide.

The State of Florida was forced to take immediate and aggressive action to address this crisis. Because the insurance capacity necessary to sustain the population and housing growth in Florida is not readily available, recent state legislation enacted several measures to create more capacity in the private marketplace by providing incentives to insurers and consumers as described below.

- Insurance Capital Build-Up Incentive Program – The state allocated $250 million for an insurance capital build-up incentive. As of October 30, 2006, 11 companies had applied to the Program with a total amount of $244 million requested, which could result in total additional new capital to Florida property insurers of $488 million.

- Premium credits for loss mitigation efforts – A 2002 study conducted by the Department of Community Affairs was the basis for establishing insurance credits for various mitigation techniques; and, at that time, only 50 percent of the maximum discounts were available to consumers. The Florida Cabinet has re-evaluated wind mitigation credits for homes built to building code standards to encourage wind loss mitigation efforts by consumers and felt those who proactively protected their homes from hurricanes should receive a more sizeable discount for the mitigation efforts and doubled the amount of credits offered to consumers. Now, homeowners that proactively mitigate their homes can, over the life of their insurance policy or mortgage, save double on their insurance credits, and most importantly help keep them in their homes after a hurricane. (The Rule was effective January 1, 2007.)

Hurricane Loss Mitigation Efforts – The My Safe Florida Home Program provided $250 million in grants for hurricane shutters, roofing and other improvements to better protect up to 45,000 homes against hurricane damage and reduce the state's insurance potential maximum loss. The program provides for free home inspections, as well as 50 percent matching grants of up to $5,000 to encourage single-family homes to reduce vulnerability to hurricane damage.

Unmet Needs – Preserving and Strengthening Florida's Existing Housing Stock
The State of Florida recognizes that affordable housing is a crucial component of our communities' ability to fully recover from the devastation created by not only the 2005 hurricane events, but also the lingering effects of the 2004 hurricane season. These two back-to-back hurricane seasons have significantly increased the costs of insuring all homes and dramatically exposed the vulnerability of Florida's older, affordable housing stock.

The eight 2004-2005 hurricanes resulted in nearly $36 billion in estimated total Florida-specific insured losses across 2.8 million claims ($10.5 billion in estimated total Florida losses for Hurricanes Katrina, Rita, and Wilma alone) resulting in residential and commercial market challenges related to availability and cost of property insurance.

As a result of the multiple hurricanes impacting Florida and the gulf region of the United States, the cost of insurance is increasing dramatically while the availability of coverage to insurers is declining. The reinsurance industry has indicated that the demand for reinsurance increased by 120 percent over last year, while the availability is only 80 percent of last year.

These recent events have caused the private industry to reach its threshold for risk in Florida's residential property markets and as a result, fewer insurance companies want to do business in the state. Many of the large nationally known insurers are capping or reducing exposure.

In response to these market challenges, the Florida Legislature passed Senate Bill 1980 which provides incentives to insurers to participate in the Florida property market. Florida leadership has recognized that losses can be controlled if consumers engage in wind loss mitigation. A national modeling firm has indicated that losses could be reduced by over 60 percent if all properties were properly hardened against wind losses.

Statewide, over 4.5 million homeowner and 1.9 million renter households are living in units built before the 2002 statewide building code was implemented.[1] Of these households, 1.4 million homeowners and 1.2 million renters have incomes at or below 80 percent of area median income (AMI). Together, the 13 counties impacted by Hurricane Wilma are home to approximately 42 percent of the total households at or below 80 percent of AMI in the state – 1.04 million in 2000. Many of the more than 469,000 renter households live in subsidized rental housing, with more than 105,000 units available in this part of the state. Approximately 85 percent of these subsidized units were constructed prior to implementation of the statewide building code in 2002.

Between 2002 and 2005, Florida's median income increased by just 1.4 percent, while existing single family median home prices increased by 77 percent, making homeownership more likely to be out of reach of lower income residents. Similarly, lower income households seeking rental housing have been squeezed as the number of rental units has decreased due to condominium conversion over the past few years. These trends have been exacerbated by Florida's insurance crisis described above.

In its July 2006 report on preserving affordable multi-family housing, Florida's Affordable Housing Study Commission highlighted the need to preserve the state's older subsidized rental stock, noting that these housing units are likely less expensive to preserve than to replace. Rental units funded through older HUD and U.S. Department of Agriculture Rural Development (RD) programs are also more likely to house Florida's lowest income residents, because many of these properties also have rental assistance attached to the property. This federally financed rental assistance provides the difference between what a tenant can afford to pay and the operating cost of the unit, and the assistance is "attached" to the unit rather than following the person, making these units especially critical to preserve.

In the Wilma counties, 243 subsidized multi-family properties built before 2002 have some portion of units with project-based rental assistance. Out of a total of 20,362 units at these properties, over 93 percent are estimated to have rental assistance and are, therefore, affordable to low income households (i.e., those with incomes at or below 30 percent of area median income). Even without rental assistance, the other units in these properties are likely to be affordable to households with incomes up to 80 percent of AMI. Florida is a growing state with a robust economy and an increasing population. Property insurance for homeowners and commercial interests must be obtained to keep this economic engine running.

[1] Housing statistics taken from the 2000 Census data indicate the number of units that potentially need mitigation.

Aggressive measures must be taken to protect homes, businesses and public facilities by finding innovative ways to reduce the potential for loss and to better ensure continuation of an affordable insurance market in the state. One of the most cost-beneficial methods of achieving this is to make improvements to houses that will result in a higher resistance to the impact of future storms.

The Case for Residential Mitigation

The State of Florida's Task Force on Long-Term Solutions for Florida's Hurricane Insurance Market made several conclusions noted below. Additionally, the Property and Casualty Insurance Reform Committee discussed the need for continuation of funding for residential mitigation and concluded the following:

- Property insurance market health and the state's economy are inextricably linked.
- Strong building codes and effective mitigation strategies are essential components of insurance/economic market stabilization.
- Most of Florida's existing housing stock was built prior to the 2002 implementation of the statewide building code (approximately two percent of total housing stock in any given year is newly constructed).
- Retrofitting pre-2002 homes is a critical activity with the following benefits: (1) it allows residents to safely shelter-in-place thereby avoiding social, economic and infrastructure costs such as death, physical injuries and psychological damage, evacuation burdens, temporary food and sheltering needs, individual and community economic disruption, job loss, as well as loss of small businesses; and (2) a potential savings of up to 44 percent on wind premium exists for individual homeowners who qualify for mitigation credits/discounts.
- There is an approximate four to one return on investment for mitigation. (Source: National Institute of Building Sciences, *Natural Hazard Mitigation Saves: An Independent Study to Assess the Future Savings from Mitigation Activities, December 2005)*

Mitigation is a proven and cost effective method of addressing long-term affordable housing recovery challenges in Florida. One representative example of the benefits of 'home hardening' indicates an annual savings of $925 on a $2,500 insurance wind premium with an investment of $4,675 in mitigation improvements on a home of approximately 1,300 square feet. The improvements performed in this example include metal shutters for opening protection; installation of a single-car, impact-resistant garage door and enhancing roof deck attachments by adding secondary water barrier using polyurethane spray foam applied to underside of roof deck.

While mitigation credits and discounts can vary depending on the insurance company, additional savings from investing in mitigation improvements include the value of deductible payment avoidance that spares homeowners from incurring insurance deductibles that typically run up to one, two or five percent of the insured dwelling value. In the above example, with a house value of $210,000, the deductible payment avoidance savings would be $2,100, $4,200 and $10,500 respectively.

Beyond the financial return to individual homeowners on investments in housing mitigation, retrofitting affordable housing serves to sustain Florida's current workforce housing and stems the trend of disappearing affordable housing stock, addresses the trend of low income and elderly homeowners opting out of the insurance system altogether due to expensive premiums, and reduces the physical and financial exposure of Florida's most vulnerable citizens. It is essential to harden homes for future storms and insulate low income, vulnerable citizens from physical, economic and social consequences of future hurricanes.

Federal Disaster Declaration
The following federal disaster declaration applies to this Action Plan:

FEMA-1609-DR dated October 24, 2005
Hurricane Wilma

State of Florida's 2006 Action Plan
The following information responds to the U.S. Department of Housing and Urban Development's Notice of Funding Availability provided in Federal Register / Volume 71, Number 209, *Docket No. FR-5089-N-01.*

This Action Plan proposes using funds provided through the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006, to assist local governments with satisfying their disaster recovery needs in the areas of housing (replacement, rehabilitation/repair and hardening and mitigation activities) and infrastructure repair/improvement. Funding will be used to specifically address the needs of low to moderate income households limited to 80% AMI and below. All damaged structures receiving assistance (homes, apartments, public facilities, etc.) as a result of Hurricane Wilma are required to be repaired, rehabilitated or replaced, hardened and provided other mitigation measures to further protect from future storms. The State of Florida considers it a priority to support mitigation and hardening activities to hedge against future storm-related disasters. Therefore, the determination was made to use dollars appropriated under this program to support such activities along with the typical disaster related uses.

These funds will be used for eligible disaster related activities supporting housing rehabilitation, hardening and infrastructure repair/improvements at the requests of the local governments to assist the State of Florida in better serving low income citizens located in Wilma impacted counties. Up to 20 percent of the funds will target multi-family units meeting certain eligibility criteria.

Responsible Administrator
The Florida Department of Community Affairs has been designated by Governor Charlie Crist to serve as the administrator of Florida's $100,066,518 allocation of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006. The Department of Community Affairs will work in partnership with local governments and other stakeholders to ensure that funding is used for disaster related housing and infrastructure needs of the declared counties for the purposes of hurricane housing mitigation, rehabilitation/repair and infrastructure repair/improvement.

In addition, the Department will work with other agencies to make at least $20 million of these funds available to assist rental housing properties in declared counties that need repair, rehabilitation, or disaster mitigation. The Florida Small Cities CDBG Program, within the Division of Housing and Community Development, will provide direct assistance to these sub-recipients and undertake administrative and monitoring activities to ensure compliance with applicable Federal requirements.

Certifications and Documentation
The use of the disaster funding is contingent upon certain requirements, and both the state and local government will be expected to certify that these requirements will be met or carried out. Applicable federal and state laws, rules and regulations will be listed in the sub-recipient contractual agreement and the agency head or authorized designee receiving funds will be required to certify in writing that the grant will be carried out in accordance with the stated requirements.

Definitions
The terms and definitions that are normally associated with Community Development Block Grants apply to this funding. This includes the definition of low and moderate income, low income, and very low income limits. In addition, definitions and descriptions contained in the Federal Register are applicable.

Citizen Participation Plan

This Action Plan will be made available to citizens, affected local governments and other interested parties via publication on the Department's website as well as through email notification. A minimum comment period of 10 days will be established by the Department, and all comments regarding the Action Plan will be considered. The publication of this Action Plan will be in a form that ensures accessibility by persons with disabilities. The Action Plan will be made available in Spanish. In addition, the Department will notice the availability of the funding in the Florida Administrative Weekly.

The Department will continue to utilize its website, email communications and traditional forms of communication to provide reasonable opportunity for citizen comment and ongoing citizen access to information on the use of grant funds. The Department will provide a written response to citizen complaints within 15 working days of the complaint, if practicable.

Local governments receiving funds under this Action Plan must take the steps necessary to ensure that the public is aware of the funding and how it can be accessed. At a minimum, local governments must publish a notice in a newspaper of general circulation and provide the name and telephone number of a person(s) to contact for information about the program. Local governments are also encouraged to post notices to their websites and in public places and, where possible, to utilize public service announcements.

Substantial Amendments

A substantial amendment to this Action Plan is defined as a change in the method of distribution; the counties targeted for funding, or established funding priorities. Substantial amendments, if any, will be published on the Department's website, emailed to affected units of general local government, and a public comment period will be provided. All comments will be considered.

Subgrantees

Entitlement and Non-entitlement counties identified under the Federal Disaster Declaration (FEMA-1609-DR) and federally recognized Indian Tribes are eligible to receive funding. Participation of the Public Housing Authorities (PHAs) is limited to funding under the Disaster Recovery Multifamily Repair & Mitigation Assistance activity detailed under the Method of Distribution below. Each subgrantee must demonstrate that there is an unmet need in the service area. Counties eligible for assistance include:

Brevard	Glades	Lee	Osceola
Broward	Hardee	Martin	Palm Beach
Charlotte	Hendry	Miami-Dade	Polk
Collier	Highlands	Monroe	Sarasota
DeSoto	Indian River	Okeechobee	St. Lucie

Eligible Activities

Disaster recovery activities that are allowed under this Action Plan are limited to the following:

- single family housing repair, rehabilitation, and hardening
- replacement of single family homes
- multifamily housing repair, rehabilitation, and hardening
- hardening is defined as one of the following activities:
    - Improving the strength of the roof deck attachment. For example, if the roof consists of shingles nailed to plywood sheets, the inspection may reveal that the plywood sheets are not adequately nailed to the roof trusses, and that additional nails and/or longer nails need to be added to prevent the plywood from being blown off in a hurricane.

- Creating a secondary water barrier to prevent water intrusion. For example, using strips of "peel and stick-on" material that cover the joints between the plywood sheets can reduce leakage if a hurricane blows off the roof shingles.
- Improving the survivability of the roof covering. For example, upgrading to thicker and stronger hurricane-resistant roof shingles, attached with properly sized and properly applied roofing nails, to reduce the susceptibility of the roof shingles blowing off in a hurricane.
- Bracing gable-ends in the roof framing. This is usually done inside the attic to decrease chances that the roof will collapse under hurricane wind loads.
- Reinforcing roof-to-wall connections. For example, installing metal tie-down straps that attach roof rafters to wall studs to decrease chances that all or a portion of the roof will simply lift the house during a hurricane.
- Upgrading exterior wall opening protections. For example, installing hurricane-rated window shutters.
- Upgrading exterior doors and windows. For example, replacing a standard garage door with a hurricane-rated garage door.

- Infrastructure repair/improvement

The Department will also provide each subgrantee with a complete listing of eligible activities. Should a subgrantee wish to pursue an activity that is not specified, the local government should contact the Department for approval. Award recipients cannot use this disaster assistance for a project or activity that was underway prior to the Presidential disaster declaration.

Method of Distribution

The State of Florida will allocate funding in accordance with the following chart:

Activity	Allocated Funding
1. Single-family/Multifamily Housing Repair & Mitigation	$ 56,287,416.38
2. Multifamily Rental Housing Repair & Mitigation	$ 20,013,303.60*
3. Infrastructure Repair/Improvement	$ 18,762,472.12
4. State & Local Government Administration	$ 5,003,325.90
Total Appropriated Funding	**$ 100,066,518.00**

*Funding under this category will not exceed the amount indicated above. If funding for affordable rental housing under Category 1 and Category 2 equals or exceeds the 20% requirement in the Federal Register, Vol. 71, No. 209, any remaining funds in Category 2 may be reallocated to Category 1 activities.

(1) Single-family/Multi-family Housing Repair & Mitigation and (3) Infrastructure Repair/Improvement

Only the eligible counties will receive funding for these activities. Local governments that secure funding under activity (1) must repair, rehabilitate or replace the damaged home and harden the home to protect it against future storms. Homes that are assisted must meet the appropriate building code standards or HUD's Section 8 Housing Quality Standards (HQS). Funding secured under Category (3) must be used to repair or improve infrastructure damaged as a result of Hurricane Wilma. Funding under both activities total $75,049,888.50 which accounts for 75% of the pass-through funding to the local governments. Funding to counties under these activities is limited to the following amounts indicated on the following chart:

Damage Range	County	Total Amount of Damage	Allocation
Greater than $200 million in damage	Miami-Dade	$ 498,618,476.68	$ 21,367,884.78
	Broward	$ 427,703,312.05	$ 18,328,873.72
	Palm Beach	$ 390,392,848.89	$ 16,729,964.50
	Monroe	$ 204,478,203.67	$ 8,762,745.27
Less than $200 million but greater than $10 million in damage	St. Lucie	$ 94,899,140.33	$ 4,091,938.67
	Collier	$ 55,846,273.34	$ 2,408,025.25
	Martin	$ 23,386,891.51	$ 1,008,415.10
	Brevard	$ 13,441,592.15	$ 579,585.55
Less than $10 million but greater than $2.5 million in damage	Hendry	$ 9,410,264.32	$ 405,759.47
	Lee	$ 7,280,585.97	$ 313,930.25
	Okeechobee	$ 5,364,503.71	$ 231,311.05
	Indian River	$ 3,976,335.68	$ 171,454.89
Less than $2.5 million in damage	Sarasota	$ 2,186,187.00	$ 125,000.00
	Glades	$ 1,582,448.04	$ 125,000.00
	Charlotte	$ 717,000.00	$ 100,000.00
	Highlands	$ 540,750.00	$ 100,000.00
	Polk	$ 400,000.00	$ 100,000.00
	Hardee	$ 242,000.00	$ 100,000.00
	Osceola	$ 41,000.00	**
	DeSoto	$ 29,000.00	**
	Totals	**$ 1,740,536,813.34**	**$ 75,049,888.50**

****** The funding allocations are based on each county's relative proportion of actual damage estimates with a minimum for those counties with less than $2.5 million damage and no funding if minimum is greater than the damage

Counties are expected to direct funding to incorporated and unincorporated areas that received the most damage and may utilize non-profit organizations in the delivery of services.

(2) Multi-family Rental Housing Repair & Mitigation
Eligible counties and Public Housing Authorities (PHAs) may apply for funding under this activity. This plan contemplates that up to $20,013,303.60 will be made available in this category to assist with the repair, rehabilitation and hardening of multifamily rental housing structures. Funding under this activity is not automatic and is separate from the funds allocated under Categories (1) and (3).

The Department will work with other housing related entities to design a funding process that evaluates project proposals considering the following criteria:

- Percentage of units in a property currently serving tenants with incomes ≤ 30 percent of area median income;
- Percentage of units in a property currently serving elders or persons with a disability;
- Costs per assisted unit; and
- Long-term affordability of assisted units.

Depending on research and evaluation of needs related to commercial residential properties, and in particular, older affordable housing rental properties, the State will also consider adoption of other criteria, such as condition of property and a property's ability to proceed with mitigation.

The Department will ensure that at least 20% of the total funding will be used to support affordable rental housing in accordance with Federal Register, Volume 71, No. 209, inclusive of rental structures funded under Categories 1 and 2.

(4) State and Local Government Administration

Counties targeted to receive funding will be required to provide the Department with a narrative description of proposed projects to be funded including, but not limited to, a budget and proposed accomplishments and beneficiaries. The Department will allocate the funding for eligible projects by executing contracts with the targeted counties up to the maximum allocation. The Department will not conduct an application process since the affected counties are already under contract with the Department for disaster recovery funds that are being used for the same types of activities. Foregoing this formal process should expedite distribution of funds.

Although the NOFA does not establish a deadline by which funds must be fully used, the Department is establishing a four-year administrative timeline and budget for completion of projects and federal reporting requirements. The NOFA limits administrative funds to five percent of the state's allocation. The Department will use up to two (2) percent of the funds to cover the state's administrative costs and pass through three (3) percent to local governments to cover administrative costs. The Department may determine that a negotiated administrative fee structure will be more effective in carrying out the contractual obligations depending on the varying needs of the local government sub-recipients. This does not include staff and administrative costs directly related to carrying out activities eligible under 24 CFR 570.201 and 24 CFR 570.204 since those costs are eligible as part of those activities. All grants provided to subgrantees will be in the form of a two-year contract. The Department will consider contract extensions depending on the varying needs of the local governments and the projects assumed under the contracts.

Public Notification of Funding

The Department will notice funding availability in the Florida Administrative Weekly. In addition, the notice will be emailed to eligible local governments and posted to the Department's website. The notice will specify the amount of funding available overall. The Department will promulgate and publish an administrative rule in the Florida Administrative Code under Chapter 120, Florida Statutes, which will more specifically speak to all funding and eligibility requirements.

Special Needs Population

The Department will request that the subgrantee give special consideration to projects that address households with persons having a documented disability and households having very low incomes. A household with a person having a disability may have a greater need for assistance due to additional accommodations that need to be made – tailored specifically to suit the disability. The cost will be greater to provide the additional benefit. Local governments should address the special needs population in their project proposals to the Department.

Because of the focus of this disaster recovery program, homeless persons will not be specifically targeted for funding. However, improvements to housing associated with rental assistance may positively impact the state's homeless population.

Alternative Funding Allocation
Should an eligible subgrantee fail to demonstrate the need for assistance or demonstrates an inability to effectively implement and administer the program funding, the Department may reallocate funds to support other disaster related activities in alignment with the criteria outlined in this plan. Should funding not be fully subscribed under the itemized activities outlined in this plan, the Department will re-appropriate funding to the areas demonstrating the greatest need and to entities that have the capacity to accommodate the need and administer the program. The reallocated funding will only be used for the purposes for which this Action Plan specifies.

Mitigation of Fraud
Through technical assistance and training, the Department will ensure that grantees are aware of federal financial recordkeeping and best practice methods for fraud prevention. The Department will work closely with the Department of Financial Services to provide fraud mitigation workshops to deter occurrences of potential fraud. The Department of Financial Services provides frequent trainings in this area as a part of its normal course of business. In addition, the Department will use timely, standard monitoring practices to reduce the risk for fraud. The Department may also require each sub-recipient to certify that it will work to minimize occurrences of fraud and other fraudulent activities.

National Objectives
All activities must meet one of three national objectives enumerated in 24 CFR 570.483(b). The three national objectives are as follows: 1.) benefit to low and moderate income households, 2.) activities which aid in the prevention or elimination of slums and blighted communities, and 3.) urgent need based on existing conditions that may pose a serious and immediate threat to the health and welfare of the community.

Prevention of Duplication of Benefits
The Department will require each recipient to verify and document that any activity that is currently eligible under this Action Plan is not or has not been reimbursed by FEMA or covered through the Small Business Administration program. Funds under this disaster program can only be used to support eligible activities that have not been covered by any other funding stream. Subgrantees must certify that no other financial resources have been secured to address the project activity. Persons assisted with the funding must also certify that no duplication of funding has been secured to undertake the mitigation activities specific to their home.

Anti-Displacement and Relocation
Local governments must minimize displacement of persons or entities and assist any persons or entities displaced in accordance with the Uniform Anti-Displacement and Relocation Act and local policy.

Environmental Review
Subgrantees must comply with the State's Intergovernmental Coordination and Review (IC&R) and the Environmental Assessment process outlined in 24 CFR 58 and in the National Environmental Policy Act. Specific instructions concerning this process will be made available to all grantees. Copies of all project proposals must be sent to the Florida State Clearinghouse where they will, in turn, be forwarded to all appropriate federal and state agencies having regulatory responsibilities related to the National Environmental Policy Act. The Clearinghouse review process will establish the basis for the environmental review since it will note potential issues relating to historic preservation, floodplains and wetlands, endangered specifies, etc.

It is anticipated that each project will have to undergo some level of environmental review. Based upon the projects submitted, the Department will determine the level of environmental review needed and create an environmental review record for each activity transpiring under the awarded contract. Funds will not be released for expenditure until the Department is satisfied that the appropriate environmental review has been conducted. Department staff will provide the technical assistance needed to ensure full compliance with 24 CFR 58.

The Department will take the appropriate measures and precautions to ensure compliance with historical preservation standards, proper removal and abatement of lead-based paint and asbestos, and other standard environmental issues that traditionally relate to housing rehabilitation.

Encouraging Quality, High Durability, Energy Efficient and Mold Resistant Construction Methods

The State of Florida, through both state and local professional licensing and building code standards, ensures quality, energy efficiency and mold resistant construction methods. The Department of Business and Professional Regulations oversees the licensing for design and construction professionals. The *Florida Building Code* (modeled after the International Building Code) provides construction requirements for meeting the diverse and challenging environmental and weather conditions in Florida. Lastly, local government code enforcement officials perform final inspections of all construction projects to ensure compliance with State of Florida standards.

Housing Assistance Plan

Subgrantees must adopt a policy for selecting beneficiaries and housing units for housing assistance. The subgrantee must follow this policy when selecting beneficiaries and housing units to be addressed. Local governments may wish to use modify or amend existing Housing Assistance Plans to provide for a selection process for this funding. Once approved by the Department, modifications to the plan can only be made with the Department's approval. A copy of the plan must be provided to the Department.

Contractual Obligations

The Department will require that all subgrantees meet federal regulations relating to Section 3 employment. Further, the Department encourages subgrantees to use local resources, businesses and service providers to carry out activities related to the project. Section 3 employment and contractual obligations awarded to Minority Vendors and Women Owned Business must be reported to the Department twice a year as specified in the Award Agreement.

Reporting

Each subgrantee will report on a quarterly basis (on a form provided by the Department) on the status of the activities undertaken and the funds drawn. Quarterly status reports will be due to the Department within 15 calendar days following the end of each quarter. The state will then report to HUD using the online Disaster Recovery Grant Reporting system. Additional reporting requirements (i.e., annual audits, contractual obligations and minority business enterprise reports) will be specified in the Department's contractual agreement.

Citizen Complaints

Subgrantees will adopt procedures for addressing citizens' complaints and submit such procedures to the Department of Community Affairs for approval. The adopted and approved procedures will require a written response to every citizen complaint within 15 working days of the complaint, if practicable.

Monitoring Standards

The Department will use the Florida Small Cities CDBG Program monitoring policies and procedures for ensuring compliance with federal guidelines. These policies and procedures mirror those used by HUD to monitor state administered and entitlement programs. In addition, the Department's Office of the Inspector General, the Office of the Auditor General (which reports to the Governor and the Legislature) and HUD frequently perform monitoring, assessment or auditing to ensure that the Department is in compliance with state and federal rules and regulations and to assist the state in providing guidance to CDBG recipients.

Monitoring

The Department will use the monitoring process to ensure that all contracts funded under this disaster recovery allocation are carried out in accordance with federal and state laws, rules and regulations. The Department will monitor the compliance of subgrantees, and HUD will monitor the state's compliance with this requirement. Expenditures will be disallowed if the use of the funds does not conform to eligible activities serving eligible beneficiaries. In such case, the subgrantee receiving the funding would be required to refund the amount of the grant that was disallowed.

In determining appropriate monitoring of the grant, the Department will consider prior grant administration, audit findings, as well as factors such as complexity of the project. The Department will determine the areas to be monitored, the number of monitoring visits, and their frequency. All grants will be monitored at least once a year for the duration of project activities. The monitoring will address program compliance with contract provisions, including national objective, financial management, and the requirements of 24 CFR Part 85 relating to procurement. The Department will use the checklists similar to those used by Florida Small Cities CDBG Program staff for monitoring. The standard monitoring process includes, but is not limited to, the following:

- The Department determines the schedule for monitoring and the program areas to be monitored.
- The Department contacts the subgrantee by phone to schedule a monitoring visit.
- The date and purpose of the visit is confirmed in writing.
- Staff arrives on the scheduled date and conducts the monitoring.
- Staff prepares and mails to the subgrantee a written monitoring report within 30 days of the monitoring visit.
- The subgrantee must respond within 35 days. It may request a 15-day extension if it cannot resolve the findings within the 35-day period.
- The Department approves the extension and/or responds to the subgrantee's report on actions taken or to be taken to address grant findings.
- The Department clears the findings or requires further action.
- All findings must be cleared before the grant can be closed.

Program Income

Any program income earned as a result of activities funded under this grant may be retained by the local government to continue the activities under which it was generated, but it must be reported to the Department and the requirements set out in 24 CFR 570.489(e)(3) must be met.

APPENDIX A

CERTIFICATIONS

Certifications for state governments, waiver and alternative requirement. Section 91.325 of title 24 Code of Federal Regulations is waived. Each state must make the following certifications prior to receiving a CDBG disaster recovery grant:

a. The state certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the state, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard. (See 24 CFR 570.487(b) (2) (ii).)

b. The state certifies that it has in effect and is following a residential anti- displacement and relocation assistance plan in connection with any activity assisted with funding under the CDBG program.

c. The state certifies its compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms, if required by that part.

d. The state certifies that the Action Plan for Disaster Recovery is authorized under state law and that the state, and any entity or entities designated by the State, possesses the legal authority to carry out the program for which it is seeking funding, in accordance with applicable HUD regulations and this Notice.

e. The state certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended and implementing regulations at 49 CFR part 24, except where waivers or alternative requirements are provided for this grant.

f. The state certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

g. The state certifies that it is following a detailed citizen participation plan that satisfies the requirements of 24 CFR 91.115 (except as provided for in notices providing waivers and alternative requirements for this grant), and that each unit of general local government that is receiving assistance from the state is following a detailed citizen participation plan that satisfies the requirements of 24 CFR 570.486 (except as provided for in notices providing waivers and alternative requirements for this grant).

h. The state certifies that it has consulted with affected units of local government in counties designated in covered major disaster declarations in the non-entitlement, entitlement and tribal areas of the state in determining the method of distribution of funding.

i. The state certifies that it is complying with each of the following criteria:

(1) Funds will be used solely for necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure in the most impacted and distressed areas related to the consequences of the Gulf Coast hurricanes of 2005 in communities included in Presidential disaster declarations.

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

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

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

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

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

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

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

l. The state certifies that each state grant recipient or administering entity has the capacity to carry out disaster recovery activities in a timely manner, or the state has a plan to increase the capacity of any state grant recipient or administering entity that lacks such capacity.

m. The state certifies that it will not use CDBG disaster recovery funds for any activity in an area delineated as a special flood hazard area in FEMA's most current flood advisory maps unless it also ensures that the action is designed or modified to minimize harm to or within the floodplain in accordance with Executive Order 11988 and 24 CFR part 55.

n. The state certifies that it will comply with applicable laws.

Signed By:

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Thomas G. Pelham, Secretary
Florida Department of Community Affairs

Date:____________________________________