

STATE OF INDIANA ACTION PLAN FOR CDBG SUPPLEMENTAL DISASTER RECOVERY FUNDS

U.S. Department of Housing and Urban Development
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INTRODUCTION

The State of Indiana is required to publish an Action Plan for Disaster Recovery (Action Plan) that describes the proposed use of U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funding associated with the Supplemental Appropriations Act, 2008 (Public Law 110-329, approved September 30, 2008) for disaster relief of unmet needs resulting from severe weather and flooding in the state. This document will describe:

- the citizen participation process used to develop the Action Plan;
- eligible affected areas and applicants, and the methodology to be used to distribute funds to those areas and applicants;
- activities for which funding may be used; and
- grant administration standards.

This Action Plan will be used by the state to guide the distribution of \$95,000,000 of CDBG Disaster Recovery Funding toward meeting unmet housing, infrastructure, business, public service, public facility, and other needs in counties designated as Presidential Disaster Areas, as directed by Public Law 110-329 and HUD. This Action Plan is in relation to the U.S. Department of Housing and Urban Development's Notice of Funding Availability provided in Federal Register / Volume 74, Number 29, Docket No. FR-5256-N-01.

THE EFFECT OF THE DISASTERS ON INDIANA'S RECOVERY NEEDS

The 2008 disasters in Indiana have been among the worst in our state's history. 82 of Indiana's 92 counties were declared as Presidential disaster areas between the three disaster periods (DR-1740, DR-1766 and DR-1795).

DR-1740, which affected northern Indiana, occurred after winter rains melted several feet of snow, causing severe flooding. 21 counties were declared as a result of the winter weather. Additionally, the northwestern-most counties declared as part of DR-1740 were again affected by severe storms. As of the end of 2008, the declared counties received \$7.6 million of Individual Assistance and \$5.1 million in Public Assistance as a result of DR-1740.

DR-1766, the result of tornados and severe flooding in late May and early June, was clearly the most substantial 2008 disaster with 44 counties declared as Presidential disaster areas. FEMA estimates that total IA and PA for this disaster will exceed \$275 million. FEMA and the SBA received 17,844 applications for IA during DR-1766, resulting in over \$127 million in assistance. The PA process is now in full swing with FEMA having 318 eligible applicants from local and state government and an estimated 2,111 project worksheets. Currently \$22 million have been obligated to local governments, and PA total estimates exceed \$150 million.

Lastly, when the powerful remnants of Hurricane Ike passed through Indiana in early September they caused severe flooding in the northern parts of the state and wind storms in the south. DR-1975 resulted in 38 county declarations. To date, 25,800 IA applications have been filed with FEMA and \$43 million of financial assistance provided to individuals.

The chart below depicts the best possible estimate of the financial impact of all the 2008 disasters to the state of Indiana. Based on these estimates, the state has been subject to over \$1.9 billion in damage to public infrastructure, housing and farmland.

Category	Estimated Financial Impact \$000
FEMA Relief	372,714
Private Insurance Claims for Natural Disasters	735,000
Dams, Levees, & Other Infrastructure	246,500
Federal Highway Repairs	13,700
Agriculture	270,000
Other Unmet Needs <i>(Based on HUD Estimates)</i>	266,108
TOTAL	1,904,022

While the estimated FEMA assistance is substantial with over \$370 million in funding provided, it will not cover the estimated recovery needs in the areas of economic and workforce development, infrastructure, and housing. The following summarizes the key unmet needs in each of these areas:

Economic and Workforce Development

The largest economic impact to Indiana will be in the area of agriculture where early estimates indicate that crop losses will exceed \$300 million and land rehabilitation losses for activities like debris and sediment removal, levee repair and soil erosion repair will exceed \$200 million.

Impact to other Indiana businesses is likely to exceed \$500 million with most of the damage occurring in the five most effected counties of Bartholomew, Johnson, Vigo, Morgan and Owen. The most substantial areas of damage occurred in Columbus, Indiana, where the Columbus Regional Hospital was completely immobilized and had over \$211 million in damages of which less than \$75 million will be covered by FEMA. Additionally, the city's largest employer reported damages in excess of \$200 million none of which qualified for assistance.

Infrastructure

Damage to Indiana's public infrastructure will likely exceed \$325 million and it is estimated that FEMA-PA will cover \$217.4 million that was found to be eligible for their program, providing a federal share of \$123.3 million or less than half, of this expense. The remainder does not qualify, is covered by another Federal program, or represents the state/local match. The chart below depicts the financial assistance the State of Indiana has received. However, the costs that go beyond what is covered below have been identified as key areas of remaining need.

	FEMA-IA Applicants	FEMA-IA Assistance (\$000)	SBA Loans (\$000)	FEMA-PA Assistance (\$000)	Total Financial Assistance (\$000)
DR-1740	3,291	7,653	8,890	6,864	23,407
DR-1766	17,850	55,768	73,456	170,866	300,090
DR-1795	26,039	34,088	28,622	39,734	102,444
TOTALS	47,180	97,509	110,968	217,464	425,941

About half of Indiana’s PA expense comes from the extensive damages to Columbus Regional Hospital, a major hospital servicing a large portion of Southeastern Indiana. The hospital suffered over \$211 million in damage of which about half will qualify for FEMA-PA. One of the state’s top priorities has been to help CRH recover from the catastrophic losses experienced in June of 2008, and a portion of PA-match funding would be for this effort. The remaining PA expenses result from damage to a mixture of public infrastructure such as damaged roads, bridges, dams and levees.

Housing

Indiana has over 17,000 families who suffered some type of damage to their dwelling. Housing is a key challenge for the state. FEMA-IA has provided substantial assistance; however, additional help will be required. The most urgent need is to insure that homeowners who are displaced by flooding are not faced with outstanding mortgage debt from a substantially damaged property that precludes them from obtaining suitable replacement housing. Over 700 homes totaling \$80MM have been identified for community buy-out programs. Projections from DR-1766 indicate that FEMA’s payout under the HMGP will leave Indiana with a shortfall of at least \$12MM. Extrapolating these metrics to DR-1795, Indiana expects an underpayment from FEMA to total \$6MM. Moreover, 20% of the displaced homeowners also find themselves underwater on average 10% with their mortgage. To make these homeowners whole will cost an additional \$1.6MM. In total, Indiana anticipates nearly \$20MM in unmet housing need for homeowners who have lost their homes due to these recent disasters. Filling this gap with CDBG Disaster Recovery Funds would make homeowners whole and permit localities to move forward with their buy-out programs expeditiously.

FEDERAL AND STATE RESPONSES TO DATE

From the onset of the major disasters of 2008, federal and state agencies have exhibited an unprecedented level of cooperation. This coordinated effort has resulted in quick and efficient response and a transparent delivery of services to Hoosiers.

Early in the disaster period during DR-1766, Governor Daniels initiated a unique approach to recovery in that he ordered all state and federal agencies to set up One-Stop-Shops around the disaster areas. These centers were designed to include appropriate federal, state and volunteer resources so flood victims could initiate all of their recovery efforts at one time. This resulted in a quick enrollment of almost all applicants and the quick disbursement of nearly \$285 million in IA, ONA and SBA loans.

This effort was replicated in Northern and Southern Indiana after the disastrous remnants of Hurricane Ike. One stop shops were set up in 21 counties where thousands of Indiana residents were served and nearly \$66 million were disbursed in IA, ONA and SBA loans. Additionally, Indiana's Family and Social Services Administration served nearly 50,000 Indiana residents through the distribution of \$17.6 million dollars of disaster food stamps at the 21 different one stop shops.

Governor Daniels also created the Office of Disaster Recovery (ODR) to coordinate the state's ongoing recovery efforts with one voice. ODR has five primary areas of focus: 1) Maximizing federal financial assistance, 2) Ensuring optimal short and long-term housing, 3) Maximizing PA and issuing funds to local government quickly, 4) Addressing the long-term dam and levee issues, and 5) Ensuring farmers receive maximum USDA assistance. ODR coordinates the activities of many federal and state agencies and is in close partnership with FEMA's DR-1766 JFO. ODR's activities are summarized and key metrics are available at www.emergency.in.gov.

CONSULTATION WITH LOCAL GOVERNMENTS

In early January 2009, the Office of Community & Rural Affairs solicited feedback from local units of government in the 92 counties affected by disasters in 2008 through a Capital Infrastructure Survey. The Indiana Association of Cities and Towns, the Association of Indiana Counties and the Indiana Association of Regional Councils were key partners in soliciting information from the units of local government, including HUD Entitlements.

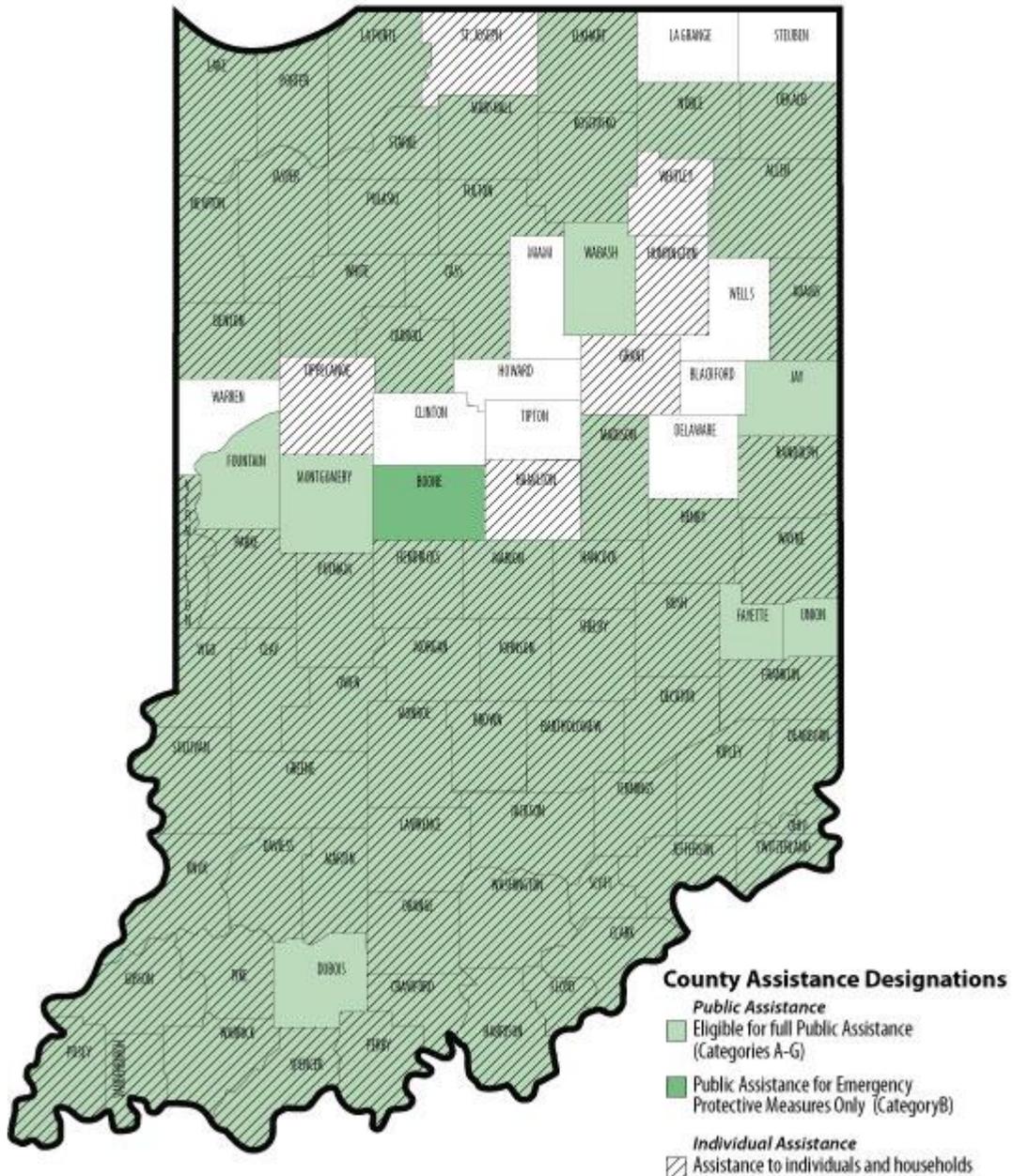
In addition, the Indiana Office of Community & Rural Affairs, Indiana Economic Development Corporation and the Indiana Association of Regional Councils in collaboration are charged with the task of directing the use of funds from the *2008 Supplemental Appropriations Disaster Relief Opportunity and the American Recovery and Reinvestment Act of 2009*. In order to garner input from local and regional entities a survey was developed and sent to a wide target audience including all units of local government (including all HUD Entitlements), economic development organizations, elected officials and other stakeholders. Information provided by this group of stakeholders will be used to prioritize projects and develop a statewide disaster and economic recovery plan. Follow up meetings will be held on a regional basis to gather additional information as indicated by the following schedule.

<u>Location</u>	<u>Date and Time</u>
Northeast (Ft. Wayne) Sweetwater	Friday, February 27 10:00 – 1:00 PM EST
Southwest (Evansville) Ivy Tech	Friday, February 27 10: - 1:00 PM CST
Central Indiana West (Greencastle) Area 30 Career Center	Monday, March 2 9:00 – 11:30 AM EST
Northwest (Portage) Northwest Indiana Forum	Tuesday, March 3 9:00 – 11:30 AM CST
North Central (Mishawaka) Mishawaka Council Chambers	Tuesday, March 3 2:30 – 5:00 PM EST
Southeast (North Vernon) IEDC Office	Wednesday, March 4 10:00 – 1:00PM EST
Central Indiana TBD	Wednesday, March 4 4:00 – 7:00 PM EST
Central Indiana East (Anderson) Flagship Enterprise Center	Monday, March 2 2:30 – 5:00 PM EST

The information gathered from each of these surveys was instrumental in determining the priorities of the CDBG Supplemental Disaster Relief Program.

FEDERALLY DESIGNATED AREAS ELIGIBLE FOR ASSISTANCE

Counties Approved for 2008 Disaster Assistance



December 11, 2008

PROMOTION OF SHORT TERM/LONG TERM RECOVERY

Short Term Recovery

The State of Indiana has a state level disaster recovery mechanism coordinated through the Indiana Department of Homeland Security (IDHS) for short-term recovery that provides assistance to disaster stricken counties and communities. In the event of an emergency anywhere in the state the local jurisdictions are responsible for first response to the emergency, under the direction of the Local Emergency Management Coordinator. The Local Coordinator works with IDHS to determine the immediate level of assistance.

Indiana has a team that coordinates and supplements the efforts of the local teams. For Individual Assistance, State agencies coordinate teams that include staffs from IDHS, Department of Workforce Development (DWD), Family and Social Services Administration (FSSA), Indiana Housing and Community Development Agency (IHCDA), Bureau of Motor Vehicles (BMV), Office of Faith-Based and Community Initiatives (OFBCI), Red Cross and other Non-Governmental Organizations (NGO's) to provide immediate assistance to individuals.

For Public Assistance, teams from IDHS, Office of Community and Rural Affairs (OCRA) and other regional development agencies work with local officials to document the damages and to begin the plans for recovery.

Long Term Recovery

Indiana consistently promotes land use planning at the local level. The state believes that land use decisions must originate with local government with input from state and federal partners. In response to the flooding, state and federal agencies are providing tools such as enhanced floodplain mapping and mitigation analysis tools to aid local government in making decisions, particularly on home buy-out programs. Once plans are complete, the state is committed to expedite the regulatory requirements under its purview.

OCRA has partnered with regional planning organizations to start planning and acting on long term recovery, including long term economic recovery. Six Regional Planning Commissions (RPC's) have hired additional staff to serve as Disaster Recovery Coordinators. The funding for staff comes from EDA and from OCRA (providing local match). The Coordinators help counties develop recovery plans and also economic recovery plans. They also assist individual communities in finding funds and applying for these funds.

OCRA has received an EDA grant; and is further developing a statewide disaster economic recovery plan. This plan will provide for coordination of the priorities established in the local plans; and also guide the efforts of the regions.

METHOD OF DISTRIBUTION

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

Rental Housing Finance Fund

The state of Indiana plans to invest \$11,500,000 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.

Allocation: \$11,500,000

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 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 overall 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. 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.

The Flood Plain Acquisition and Green Space Development Program has no maximum grant amount.

Allocation: \$7,000,000

Storm Drainage Improvements

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 – 30%
2. The percentage of low-to-moderate income persons served – 25%;
3. The percentage of grant amount in relation to applicant's annual budget – 15%;
4. The relative economic distress of the applicant – 15%;
5. Applicant ranking on the OCRA Rurality Index – 15%.

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 \$1,000,000 maximum grant award for the Storm Drainage Improvements Program.

Allocation: \$20,040,491

Wastewater and Drinking Water System Improvements

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: \$35,250,000

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.

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 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 Emergency Services Program.

Allocation: \$2,500,000

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 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 \$50,000 maximum grant award for Downtown Revitalization Plans and a \$500,000 maximum grant award for Downtown Revitalization Implementation.

Allocation: \$2,500,000

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 percentage of low-to-moderate income persons served;

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: \$10,000,000

Administration

The State will set aside \$4,750,000 of its CDBG Disaster Recovery Funds for payment of costs associated with administering the Program (Docket No. FR-5256-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 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: \$4,752,131

ANTI-DISPLACEMENT AND RELOCATION

Recipients implementing activities identified in this Action Plan are expected to ensure the assistance and protections afforded to any persons or entities under the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) of 1970 (URA), as amended and section 104(d) of the Housing and Community Development Act of 1974 (HCD), as amended. Indiana plans to exercise the waivers set forth in Federal Register Vol. 73 No. 177 pertaining to URA and HCD given its priority to engage in voluntary acquisition and optional relocation activities to avert repeated flood damage and to improve floodplain management.

HIGH QUALITY, DURABILITY AND ENERGY EFFICIENCY

All housing activities involving the construction or rehabilitation of multi-family and single-family dwellings must meet all building codes and standards adopted and enforced by the State of Indiana as well as any local ordinances that exceed State codes and standards.

All housing activities shall be designed to achieve maximum energy efficiency to the extent that this can be accomplished on a cost-effective basis, considering construction and operating costs over the life cycle of the structure. Efficiency may be demonstrated through design based on LEED, Green Globes, Energy Star, and/or other comparable guidelines and rating systems. Historic aesthetic and local sourced materials shall be afforded value in this analysis.

PROVISION OF ADEQUATE, FLOOD-RESISTANT HOUSING FOR ALL INCOME GROUPS THAT LIVED IN THE DISASTER-IMPACTED AREAS

The State of Indiana will utilize a portion of its CDBG supplemental appropriation to mitigate the unmet affordable housing needs in disaster-impacted communities through voluntary acquisition, rehabilitation, and homebuyer assistance.

Many impacted communities have convened a long-term recovery committee in collaboration with the Indiana Association of United Ways and the Lilly Endowment. An integral responsibility of these committees is deploying strategic solutions to address unmet housing needs. Local Continuums of Care have been actively engaged in the long-term recovery committees to ensure that the homeless or those at risk of homelessness due to flooding have adequate housing and support services. As appropriate, the Homeless Management Information System will be utilized to assess household needs, to link families with services, and to track outcomes. It is anticipated that shelters, transitional housing units and permanent supportive housing properties damaged or lost due to this flooding disaster will be eligible for some assistance under the housing assistance component of this plan.

Immediately following the disaster, Indiana, through the Indiana Housing and Community Development Authority (IHCDA) which administers the Section 8 program for the Balance of State, extended the 60-day time constraint that Section 8 voucher holders typically have to locate new, suitable housing. IHCDA will continue to identify administrative policies that can be amended, suspended, or repealed to increase the supply of affordable housing opportunities in each impacted community.

IndianaHousingNow.org, an online interactive database of available affordable rental units across the state has also been a useful tool in matching households with housing. Indiana expects that IndianaHousingNow will continue to grow and prove to be a robust service in future disasters.

ACTION PLAN AMENDMENTS

The following events would require a substantial amendment to the Action Plan:

- Addition or deletion of any allowable activity described in the Plan;
- Change in the planned beneficiaries;

Substantial amendments to the Disaster Recovery Action Plan, if any, will be published on the both the IHEDA and OCRA websites, emailed to affected units of general local government and will provide for a public comment period.

All comments will be considered.

MONITORING

CDBG (non-housing) monitoring. OCRA uses the following processes and procedures for monitoring projects receiving HUD funds:

- Evaluation on program progress;
- Compliance monitoring;
- Technical assistance;
- Project status reports;
- Monitoring technical assistance visits;
- Special visits; and
- Continued contact with grantees by program representatives.

Monitoring. OCRA conducts a monitoring of every grant project receiving HUD funds. Two basic types of monitoring are used: off-site, or “desk” monitoring and on-site monitoring.

- Desk monitoring is conducted by staff for non-construction projects. Desk monitoring confirms compliance with national objective, eligible activities, procurement and financial management.
- On-site monitoring is a structured review conducted by OCRA staff at the locations where project activities are being carried out or project records are being maintained. One on-site monitoring visit is normally conducted during the course of a project, unless determined otherwise by OCRA staff.

Grants utilizing a sub-recipient to carry out eligible activities are monitored on-site annually during the 5-year reporting period to confirm continued compliance with national objective and eligible activity requirements.

In addition, if there are findings at the monitoring, the grantee is sent a letter within 3 to 5 days of monitoring visit and is given 30 days to resolve it.

CDBG (housing) monitoring. IHCD uses the following processes and procedures for monitoring projects receiving CDBG and HOME funds:

- Self monitoring;
- Monitoring reviews (on-site or desk-top);
- Results of monitoring review;
- Determination and responses;
- Clearing issues/findings
- Sanctions;
- Resolution of disagreements; and
- Audits.

IHCDA conducts at least one monitoring of every grant project receiving CDBG and HOME funds. The recipient must ensure that all records relating to the award are available at IHCDA's monitoring. For those projects determined to need special attention, IHCDA may conduct one or more monitoring visits while award activities are in full progress. Some of the more common factors that would signal special attention include: activity appears behind schedule, previous audit or monitoring findings of recipient or administrative firm, high dollar amount of award, inexperience of recipient or administrative firm, and/or complexity of program. These visits will combine on-site technical assistance with compliance review. However, if the recipient's systems are found to be nonexistent or are not functioning properly, other actions could be taken by IHCDA, such as suspension of funding until appropriate corrective actions are taken or termination of funding altogether.

Monitoring. Two basic types of monitoring are used: on-site monitoring and desk-top monitoring.

- On-site monitoring review:
 - Community Development Representative will contact recipient to set-up monitoring based on award expiration and completion/close-out documentation submitted and approved.
 - Recipient will receive a confirmation letter stating date, time, and general monitoring information.
 - On date of monitoring, IHCDA staff will need: files, an area to review files, and a staff person available to answer questions.
 - Before leaving, IHCDA staff will discuss known findings and concerns, along with any areas that are in question.
- Desk-top monitoring review:
 - Community Development Representative or Community Development Coordinator will request information/documentation from award recipient in order to conduct the monitoring. IHCDA staff will give approximately 30 days for this information to be submitted.
 - IHCDA staff will review information/documentation submitted and correspond via the chief executive officer the findings of the desk-top review. However, if during the course of the review additional information and/or documentation is needed, staff will contact the award administrator.

The Indiana State Board of Accounts will audit the Disaster Recovery program on an annual basis and report its findings to the Lieutenant Governor's Business Office.

STEPS THE STATE WILL TAKE TO AVOID OR MITIGATE OCCURRENCES OF FRAUD, ABUSE, AND MISMANAGEMENT

Administration and Staffing

The Office of Community and Rural Affairs and the Indiana Housing and Community Development Authority, will provide technical assistance to local government grant recipients and undertake administrative and monitoring activities to ensure compliance with applicable federal requirements.

National Objective

All activities must meet one of the three national objectives set out in the Housing and Community Development Act (address slum and blight, urgent need, or primarily benefit LMI persons). At least 50% of the Supplemental Funding will be used for activities that meet the National Objective of primarily benefiting persons of low- and moderate-income.

Administrative Costs

Sub-grantees are strongly encouraged to minimize their administrative costs so that the amount available for program activities will be maximized. To promote this goal, the amount of allowable sub-grantee administrative costs will be capped at a reasonable amount for each of the various activity categories (i.e. FEMA buy-out, housing repair, public facilities), but will not exceed 5% for any of the categories.

Program Changes through Contract Amendments

All sub-grantees will be encouraged to carefully plan projects that meet the stated requirements and to specify activities, associated costs, and proposed accomplishments and beneficiaries in order to reduce the need for amending contracts. Sub-grantees must contact the awarding agency (OCRA or IHEDA) prior to requesting an amendment or contract modification that affects the budget, activities, beneficiaries, or time frame for accomplishing the proposed activities. Substantial amendments may be cause to review the entire Application submitted to determine if the project is meeting its stated goals and its timelines.

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. The chief elected official, or designee authorized by the local governing authority of the local government applying for funds will be required to certify in writing that the grant will be carried out in accordance with applicable laws and regulations.

In addition, local governments will be required to submit or maintain documentation that fully supports the application that is submitted to the State. Failure to document that the project is needed as a result of the disaster(s), or to mitigate the effects of future disasters, will result in an application being declared ineligible. If this discovery is made after an award has been made, the contract with the local government will be terminated and the local government will have to repay any funds received to that point.

Reporting

Each awarded applicant must report on a form provided by the awarding agency on the status of the activities undertaken and the funds drawn. Additional reporting requirements (i.e., annual audits, contractual obligations and minority business enterprise reports, as applicable) will be specified in the Grant Agreement.

Citizen Complaints

All sub-grantees and recipients should establish procedures for responding to citizens' complaints regarding to activities carried out utilizing these funds. Citizens should be provided with an appropriate address, phone number, and times during which they may submit such complaints. Sub-grantees should provide a written response to every citizen complaint within 15 working days of the complaint.

Regulatory Requirements

Sub-grantees must comply with fair housing, nondiscrimination, labor standards, and environmental requirements applicable to the CDBG Program, as follows:

(i.) Fair Housing: Each Sub-grantee will be required to take steps to affirmatively further fair housing; and when gathering public input, planning, and implementing housing related activities, will include participation by neighborhood organizations, community development organizations, social service organizations, community housing development organizations, and members of each distinct affected community or neighborhood which might fall into the assistance category of low and moderate income communities.

(ii.) Nondiscrimination: Each Sub-grantee will be required to adhere to the State's established policies which ensure that no person be excluded, denied benefits or subjected to discrimination on the basis race, color, national origin, religion, sex, familial status, and/or physical and mental handicap under any program funded in whole or in part by Federal CDBG funds. Sub-grantees will be required to document compliance with all nondiscrimination laws, executive orders, and regulations.

(iii.) Labor Standards: Each Sub-grantee will be required to oversee compliance with Davis-Bacon Labor Standards and related laws and regulations. Regulations require all laborers and mechanics employed by contractors or subcontractors on CDBG funded or CDBG assisted public works construction contracts in excess of \$2,000, or residential construction or rehabilitation projects involving eight or more units be paid wages no less than those prescribed by the Department of Labor and in accordance with Davis Bacon Related Acts.

(iv.) Environmental: Specific instructions concerning environmental requirements at 24 CFR Part 58 will be made available to all Sub-grantees. Some projects may be exempt from the environmental assessment process, but all Sub-grantees will be required to submit a Request for Release of Funds and Certification. Funds will not be released for expenditure until the awarding agency is satisfied that the appropriate environmental review has been conducted. Sub-grantees 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.

All suspected cases of fraud or abuse will be reported to the Lieutenant Governor's Business Office. The Business Office will make a determination on further investigation.

APPENDIX A: CERTIFICATIONS FOR STATE GOVERNMENTS, WAIVER AND ALTERNATIVE REQUIREMENT

In accordance with the applicable statutes and the regulations governing the consolidated plan and the Supplemental Appropriations Act, 2008, the State certifies that:

- 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).)
- 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 nonentitlement, 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 areas covered by a declaration of major disaster under title IV of the

Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) as a result of recent natural disasters.

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.

Signature/Authorized Official

3/16/2009
Date

Executive Director, OCRA
Title

APPENDIX B: CITIZEN PARTICIPATION AND RESPONSE TO PUBLIC COMMENT

The Draft Supplemental Disaster Action Plan was released for public comment on Friday, March 6, 2009. The public comment period for the document ran from March 6, 2009 to March 13, 2009. The Draft Plan was posted on the websites of the Office of Community and Rural Affairs (www.ocra.in.gov) and the Indiana Housing and Community Development Authority (www.in.gov/ihcda) on March 6th as well. The Draft Plan was also emailed to all Regional Planning Commissions and all cities, towns and counties in Indiana. An announcement of the Action Plan's availability was made in the following newspapers on March 6th, 2009.

The Republic

Columbus, IN 47201

Indianapolis Star

Indianapolis, IN 46204

The Journal-Gazette

Ft. Wayne, IN 46802

The Chronicle-Tribune

Marion, IN 46953

The Courier Journal

Louisville, KY 40202

Gary Post Tribune

Merrillville, IN 46410

Tribune Star

Terre Haute, IN 47807

Journal & Courier

Lafayette, IN 47901

Evansville Courier & Press

Evansville, IN 47072

South Bend Tribune

South Bend, IN 46626

Palladium-Item

Richmond, IN 47375

The Times

Munster, IN 46321

The Star Press

Muncie, IN 47307-0408

La Voz de Indiana – ran March 11th

(bi-weekly Statewide Spanish newspaper)

**LEGAL NOTICE
OF FILING OF
SUPPLEMENTAL DISASTER RECOVERY ACTION PLAN**

The Office of Community and Rural Affairs (OCRA) and the Indiana Housing and Community Development Authority (IHCDA) wish to encourage citizens to participate in the development of the State of Indiana Supplemental Disaster Recovery Action Plan. The State is providing the opportunity for citizens to comment on the draft Plan, which will be submitted to the US Department of Housing and Urban Development (HUD) on or about March 16, 2009. The Action Plan will set forth the method of distribution of funds for the HUD-funded program.

Members of the public, especially persons of low to moderate income, are invited to review the draft Plan prior to its submission Friday, March 6 through Friday, March 13, 2009, during normal business hours of 8:30 a.m. to 5:00 p.m., Monday-Friday, at the Indiana Office of Community & Rural Affairs, One North Capitol, Suite 600, Indianapolis, Indiana 46204. The draft Plan will also be available on the IHCDA website (www.in.gov/ihcda) and the OCRA website (www.in.gov/ocra).

Written comments are invited from Friday, March 6, 2009 through Friday, March 13, 2009, at the following address:

Supplemental Disaster Recovery Action Plan
Office of Community and Rural Affairs
One North Capitol, Suite 600
Indianapolis, Indiana 46204-2288.

Additional information may also be obtained via e-mail at bdawson2@ocra.IN.gov or by phone at 1-800-824-2476.

**AVISO LEGAL DE PRESENTACION
DE UN PLAN DE ACCION PARA LA RECUPERACION
EN CASO DE DESASTRE**

La Oficina de Asuntos Comunitarios y Rurales (OCRA) y la Autoridad de Vivienda y Desarrollo Comunitario de Indiana (IHCDA) desean incentivar a los ciudadanos a participar en el desarrollo de un Plan de Acción Estatal para la Recuperación en Caso de Desastre en Indiana. El Estado le está ofreciendo a los ciudadanos la oportunidad de hacer comentarios sobre el borrador de dicho Plan, el cual será entregado al Departamento de Desarrollo Urbano y de Vivienda de los EEUU (HUD) antes de o durante el día 16 de marzo del 2009. El Plan de Acción va a determinar el método de distribución de los fondos destinados para el programa subsidiado por HUD.

Se invita al público en general, especialmente a personas de bajo o mediano ingreso, a revisar el borrador del Plan antes de su entrega del viernes 6 de marzo del 2009 al viernes 13 de marzo del 2009 durante el horario comercial de 8:30 am. a 5:00 pm., de lunes a viernes en la Oficina de Asuntos Comunitarios y Rurales ubicada en One North Capitol, Indianapolis, Indiana 46204. El Plan también estará disponible en los sitios web de IHCDA (www.in.gov/ihcda) y OCRA (www.in.gov/ocra).

Se puede enviar comentarios por escrito del viernes 6 de marzo del 2009 al viernes 13 de marzo del 2009, a la siguiente dirección:

Disaster Recovery Action Plan
Office of Community and Rural Affairs
One North Capitol, Suite 600
Indianapolis, Indiana 46204-2288.

También puede obtener información adicional vía correo electrónico por medio de la siguiente dirección: bdawson2@ocra.IN.gov o llamando al número de teléfono 1-800-824-2476.

The State of Indiana received the below letters in response to the DRAFT CDBG Supplemental Disaster Recovery Action Plan.

Hants Lake Conservancy District
32-0142061
P. O. Box 231
Nineveh, IN 46164

RECEIVED
MAR 11 2009
OFFICE OF COMMUNITY & RURAL AFFAIRS

March 9, 2009

Supplemental Disaster Recovery Action Plan
Office of Community and Rural Affairs
One North Capitol
Suite 600
Indianapolis, IN 46204-2288

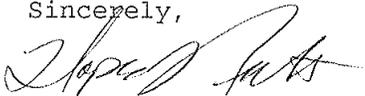
Dear Ladies and Gentlemen:

My name is Hope Nutt and I serve as the Treasurer on the Board of the Hants Lake Conservancy District, Nineveh, Indiana. The board has requested that I inform you of our situation in hopes that you can help or advise us on any funds that might be available to us.

During the floods of June 2008 our lake's spillway was significantly damaged; damage if any, to the dam is unevaluated at this point. Estimates for repair of the spillway may exceed \$200,000.00 plus any other DNR required efforts to restore the dam. We believe that our restoration work may fall within the scope of the Supplemental Disaster Recovery Plan. Our lake consists of 42 freeholders/lot owners. As Treasurer I know that we do not have the funds to take on this unforeseen project. I also realize the current economic/financial stresses on my self and other freeholders, and I cannot justify taking a loan that will raise property taxes and possibly cause people to lose their homes.

We thank the CDBG Disaster Recovery in advance for any considerations our situation may receive, and we look forward to your response.

Sincerely,



Hope R. Nutt
Hants Lake Conservancy District Treasurer
P. O. Box 129
Nineveh, IN 46164
(317) 442-1975 cell

March 11, 2009

RECEIVED
MAR 12 2009
OFFICE OF COMMUNITY & RURAL AFFAIRS

Supplemental Disaster Recovery Action Plan
Office of Community and Rural Affairs
One North Capitol, Suite 600
Indianapolis, Indiana 46204-2288

Ladies and Gentleman:

My name is Laurence M. Lynch and serve as an officer on the board for the North Lake Conservancy District of Prince's Lakes. My board has requested that I direct this letter to your attention.

During the floods of last June, 2008 our dam was over-topped and our spillway was significantly damaged. Prior to this event, we had contracted for a new spillway and repair of the dam. The total cost for this work was 1.3 million dollars. The flooding and over-topping of our dam added a sense of urgency to the implementation of our plan already contracted for as there was significant additional damage. We are requesting that the CDBG Disaster Recovery would consider assuming the total cost of and/or part of the total cost. We believe that our dam and spillway restoration work falls within the scope of the Supplemental Disaster Recovery Action Plan.

We thank you for the opportunity to provide input in this matter and eagerly await a response to our request.

Sincerely,

Laurence M. Lynch
Officer of Board for North Lake Conservancy
570 West Lakeview Drive
Nineveh, Indiana 46164

Rebuild Owen County Committee (ROCC)
A committee of the Owen County Community Foundation, Inc.
P.O. Box 503
Spencer, Indiana 47460
March 13, 2009

Supplemental Disaster Recovery Action Plan
Office of Community and Rural Affairs
One North Capitol, Suite 600
Indianapolis, Indiana 46204-2288

IN RE: Public Comment on Supplemental Disaster Recovery Action Plan (via email)

Our community based long-term disaster recovery committee would like to offer our comment on the Supplemental Disaster Recovery Action Plan.

Our volunteer group has been working with local families since the June 8th, 2008 floods to assist them with their individual recovery plans. We would like to raise the issue, not discussed in the 3/5/09 draft of the plan, of publicly built but privately owned dams destroyed in the June floods. The loss of the Graybrook Dam (this project has already been registered with the state as an unmet need) poses public safety issues and financial challenges for the people of Owen County. We would like to see dam replacement costs included in the Action Plan.

The Graybrook Dam was built by the W.P.A. years ago but is currently owned by a resident's association has taken full responsibility to this point for the reconstruction of the dam but at a total cost of \$732,098 the project is in jeopardy of bogging down. Meanwhile the community is impacted because roads downstream from the dam are experiencing flooding due to the loss of runoff control formerly provided by Graybrook Lake. In addition, the approximately 70 homes around the lake will be subject to severe decreases in assessed value without the lake which negatively impacts our county, already one of the lowest in Indiana in assessed values.

We request that the Action Plan include Graybrook Dam and similar projects to help our communities recover from the floods of 2008.

Sincerely,

Mark E. Rogers
Steering Committee Chair
Rebuild Owen County Committee
Owen County Community Foundation, Inc.

March 12, 2009

Supplemental Disaster Recovery Action Plan
Office of Community and Rural Affairs
One North Capitol, Suite 600
Indianapolis, Indiana 46204-2288

RECEIVED
MAR 13 2009
OFFICE OF COMMUNITY & RURAL AFFAIRS

Public Input
For
U.S. Department of Housing and Urban Development
Notice of Funding Availability
Federal Register, Volume 73, Docket Number FR-5250-N-01

Comment from Northwest Lake Lot Owners Association, Inc., Town of Prince's Lakes, Indiana:

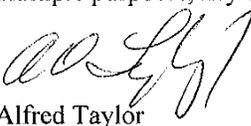
It is well documented that the Town of Prince's Lakes was significantly impacted by the rain event of June 7, 2008. The community is structured around numerous lakes formed by dams that were constructed in the 1950's. Many of those dams serve as a critical via for town streets and utilities. While the dams serve the associations of the lakes they form, they play a critical role in supporting the infrastructure of the community.

The dam that forms Northwest Lake, for example, was severely damaged by the June 7th rain event. The dam was "topped" and the downstream side of the dam was heavily eroded. Evaluations of the dam indicate that a higher capacity spillway is needed and that the eroded portion of the dam must be backfilled to a slope recommended by dam experts. Unless other funding is found, the repair of the dam structure will fall completely on the Northwest Lake Lot Owners Association. The Northwest Lake dam carries Fleming Drive, an important street that serves dozens of community citizens, of which just a few are Northwest Lake Lot Owners Association members. The dam also carries water and sewer lines, and cable utility.

Northwest Lake dam is a critical infrastructure feature of the Town of Prince's Lakes by the design of the community in the 1950's. Without it, the community would be faced with significant expense of re-routing utilities and reconstruction of Fleming Drive. Loss of the lake would mean loss of home value and the consequences of lower tax income to the community.

The economic abilities of the members of the Northwest Lake Lot Owners Association vary widely. More than half of the 18 members either are on fixed income, have low income, are in bankruptcy, or are foreclosing on their properties. Funding, what some estimate to be an expense of approximately \$400,000, has become an enormous challenge to the Northwest Lake Lot Owners Association.

We encourage the Plan include funding of projects such as the Northwest Lake dam that serves multiple purposes, key of which is public roadway and utility.



Alfred Taylor
Northwest Lake Lot Owners Association, Inc. -- President

The State of Indiana sent the letters below in response to written comments received.



March 19, 2009

Mr. Laurence M. Lynch
North Lake Conservancy
570 West Lakeview Drive
Ninevah, Indiana 46164

Dear Mr. Lynch:

Thank you for expressing your interest in the Draft Supplemental Disaster Recovery Action Plan. We appreciate that you took to the time to provide us with feedback.

Please be assured that all comments will be reviewed and considered as we continue this process and submit the Supplemental Disaster Recovery Action Plan to the U.S. Department of Housing and Urban Development.

Please feel free to contact our office should you have additional questions.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Weissenberger".

Kathleen Weissenberger
Director of Community Affairs



March 19, 2009

Ms. Hope R. Nutt
Treasurer
Hants Lake Conservancy District
P.O. Box 129
Ninevah, Indiana 46164

Dear Ms. Nutt:

Thank you for expressing your interest in the Draft Supplemental Disaster Recovery Action Plan. We appreciate that you took to the time to provide us with feedback.

Please be assured that all comments will be reviewed and considered as we continue this process and submit the Supplemental Disaster Recovery Action Plan to the U.S. Department of Housing and Urban Development.

Please feel free to contact our office should you have additional questions.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Weissenberger". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Kathleen Weissenberger
Director of Community Affairs



March 18, 2009

Mark E. Rogers
Executive Director
Owen County Community Foundation, Inc.
P.O. Box 503
Spencer, Indiana 47460

Dear Mr. Rogers:

Thank you for expressing your interest in the Draft Supplemental Disaster Recovery Action Plan. We appreciate that you took to the time to provide us with feedback.

Please be assured that all comments will be reviewed and considered as we continue this process and submit the Supplemental Disaster Recovery Action Plan to the U.S. Department of Housing and Urban Development.

Please feel free to contact our office should you have additional questions.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Weissenberger". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Kathleen Weissenberger
Director of Community Affairs



March 19, 2009

Mr. Alfred Taylor
President
Northwest Lake Lot Owners Association
916 Hummingbird Lane
Columbus, Indiana 47203

Dear Mr. Taylor:

Thank you for expressing your interest in the Draft Supplemental Disaster Recovery Action Plan. We appreciate that you took to the time to provide us with feedback.

Please be assured that all comments will be reviewed and considered as we continue this process and submit the Supplemental Disaster Recovery Action Plan to the U.S. Department of Housing and Urban Development.

Please feel free to contact our office should you have additional questions.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Weissenberger".

Kathleen Weissenberger
Director of Community Affairs

Based on the limited number of responses, the State has decided that they will not make changes to the program allocations for the Supplemental Disaster Recovery Action Plan.