

STATE OF ILLINOIS

Action Plan Amendment No.6

September 20, 2010

Supplemental CDBG Disaster Recovery 1800 ("Ike") Funding

From the Supplemental Appropriations Act

Public Law 110-329, 2008

Federal Register FR-5337-N-01

**GOVERNOR PAT QUINN
STATE OF ILLINOIS**



ILLINOIS CDBG "IKE" ACTION PLAN AMENDMENT (NO.6)

Through this Community Development Block Grant (CDBG) Disaster Recovery (DR) 1800 ("Ike") proposed plan amendment, Illinois is providing for greater flexibility in awarding "Ike" funds through the methods outlined below. This request reflects Illinois' commitment to utilize and award "Ike" funding in a manner that best supports the needs of Illinois residents and communities, and that can be assisted with CDBG Disaster "Ike" program funding.

To further support the needs of Illinois communities within the Federally-Designated Areas Eligible for CDBG "Ike" Assistance (Exhibit A) the State of Illinois is proposing to make revisions described below to Illinois' CDBG "Ike" Disaster Recovery Action Plan- Commercial Property Buyouts – Non-FEMA and Housing Property Buyouts – Non-FEMA by combining them into Property Buyouts.

Public Comment Period

In accordance with CDBG requirements, DCEO has posted draft changes to the Illinois CDBG Disaster Recovery Action Plan in order to provide opportunity for public comment. The proposed Amended Plan for the Property Buyout Program is available on DCEO's website, at http://www.illinoisbiz.biz/dceo/Bureaus/Community_Development/CDBG+Disaster+Recovery+Programs/.

Interested parties should feel free to submit comments in writing or via email to DCEO. Comments may be directed to: Maureen Palmer, Deputy Director, Office of Community Development, DCEO, 100 West Randolph, Suite 3-400, Chicago, IL 60601, or emailed to maureen.palmer@illinois.gov, with "Public Comment to Ike Plan Amendment No.6" in the email subject line.

Preface to the Proposed "Ike"- Consolidation of Commercial and Housing Buyout Programs with Changes to Create the Property Buyout Program

Illinois will continue to make program adjustments as greater understanding of the specific needs of disaster impacted communities develops. Illinois proposing a comprehensive buyouts programs amendment. Illinois will provide additional flexibility to support buyouts-related needs of the most severely impacted communities and those for which the funding assistance can achieve the greatest impact. The amendment, if approved, will achieve the following: (1) combine the commercial and housing buyouts programs, (2) further refine the criteria for Ike buyouts funding, (3) allow for match funding of FEMA-funded projects, and (4) designate specific communities for Ike-buyouts assistance. All four aspects of this proposed amendment are described below, including a description of the initial communities the state proposes to initially prioritize for Ike-buyouts assistance.

Note about the Village of Gulfport. The entire Village of Gulfport was severely damaged or destroyed by 2008 flooding. A holistic buyouts approach will allow the Village of Gulfport to use funding to address not only the community needs for voluntary buy-out assistance, but will also allow funds to support the planning necessary determine the feasibility of constructing a newly situated Gulfport . In addition to Gulfport, Henderson County, the city of Chicago (Albany Park project) and the City of Rockford (Keith creek project) have been identified for initial funding assistance. All are briefly described later in this document.

The Ike-Program Amendment (No.6) addressing Illinois' Ike-buyouts programs will be detailed following:

Illinois CDBG "Ike" Action Plan Amendment (No.6)

The previous parameters for the Ike-Housing Buyouts program and the Ike-Commercial Buyouts program respectively, are as follows:

Illinois' Ike Housing Buyouts Program

Housing Property Buyouts – Non-FEMA (State administered- Individual Assistance) : \$14,225,500.00

For proposed property buyout programs in flood-prone areas for which FEMA funds are not available, CDBG funds will be available to cover all- or a significant portion of the cost. This program will be coordinated with the Hazard Mitigation Program administered by IEMA.

1. Allocation for Activity: \$14,225,500.00 for all housing buyout related activities
 2. Eligible Applicants: City and county governments. For proposed property buyout programs in flood-prone areas for which FEMA funds are not available, CDBG funds will be available to cover all- or a large portion of the cost.
 - 3a. Threshold Criteria:
 - (i) Homes that are within the declared disaster areas and have documented proof of an impact that occurred as a result of the Presidential declared disaster declarations and are located in a 100 year flood plain.
 - 3b. Criteria for Selection:
 - (i) Overall level of damage in the proposed buyout area, as determined by condemnation, flood levels and/or status as beyond reasonable repair for each property.
 - (ii) Extent to which proposed buyout program supports overall flood mitigation plans for the area and community.
 - (iii) Priority will be given to those that have been on the waiting list for HMGP funding through IEMA, but not funded because of insufficient funds.
 4. Individual Grant Threshold: No set limit, weighing local conditions and factors.
 5. Eligibility: 105(a)(1), (11)
 6. National Objective: Must meet either: LMI (51%), urgent need, or slum/blight national objective.
- B (1) Homebuyer Assistance (Down payment assistance) (State administered- Individual Assistance)
1. Allocation for Activity: \$14,225,500.00 for all housing buyout related activities
 2. Eligible Applicants: For those homeowners under 120% of HUD's Area Median Income who volunteer to move from repetitive flood areas, down payment assistance will be provided for homes purchased outside these areas.
 - 3a. Threshold Criteria:
 - (i) Must be approved as a buy-out
 - (ii) Income under 120% of AMI
 - 3b. Criteria for Selection: First come, first served under the buyout program
 4. Individual Grant Threshold: Standard amount required for the down payment of a new home.
 5. Eligibility: 105(a)(8) Request a Waiver to extend to six months
 6. National Objective: Must meet either: LMI (51%), urgent need, or slum/ blight national objective.
- B (2) Interim Mortgage Assistance (need waiver) (State administered- Individual Assistance)
1. Allocation for Activity: \$14,225,500.00 for all housing buyout related activities.
 2. Eligible Applicants: An eligible resident whose disaster-affected home is proposed by a municipality or county, or is located in an area proposed by a municipality or county, to IEMA for property acquisition under the hazard mitigation grant program or any other comparable program implemented in whole or in part to assist in recovery from the natural disasters of 2008, may receive financial assistance equivalent to an amount of up to \$1,000 per month for the purpose of paying mortgage payments and other eligible property carrying costs for the disaster-affected home for a period not to exceed 6 months.
 - 3a. Threshold Criteria:
 - (i) Must be an approved buyout
 - 3b. Criteria for Selection: Must be an approved buyout and a documented need for the assistance.
 4. Individual Grant Threshold Size Limits: \$1,000 not to exceed 6 months.
 5. Eligibility: 105(a)(8) The state will request the necessary waiver to extend to six months.
 6. National Objective: Must meet either: LMI (51%), urgent need, or slum/blight national objective.
- B (3) Incentive through Optional Relocation for Buyouts (State administered- Individual Assistance)
- An incentive will be provided to homeowners that volunteer to relocate outside a 100 year floodplain.
1. Allocation for Activity: \$14,225,500.00 for all housing buyout related activities
 2. Eligible Applicants: Homeowners that volunteer to relocate outside a 100 year floodplain.
 - 3a. Threshold Criteria:
 - (i) Must be an approved buyout
 - 3b. Criteria for Selection: First come, first serve in the buyout program
 4. Individual Grant Threshold: \$15,000/ homeowner
 5. Eligibility: 105(a)(8). The state will request the necessary waiver.
 6. National Objective: Must meet either: LMI (51%), urgent need, or slum/blight national objective.

Illinois' Ike Commercial Buyouts Program

Commercial Property Buyouts – Non-FEMA- \$13,838,249.

For proposed property buyout programs in flood-prone areas for which FEMA funds are not available, CDBG funds will be available to cover all or a substantial portion of the cost.

1. Allocation for Commercial Property Buyouts Program: \$13,838,249.
2. Eligible Applicants: City and county governments.
- 3a. Threshold criteria:
 - (i) Businesses that are within the declared disaster areas and have documented proof of an impact that occurred as a result of the Presidential declared disaster declarations.
- 3b. Criteria for Selection:
 - (i) Overall level of damage in the proposed buyout area, as determined by condemnation, flood levels and/or status as beyond reasonable repair for each property.
 - (ii) Extent to which proposed buyout program supports overall flood mitigation plans for the area and community.
4. Grant Size limits: No set limit, weighing local conditions and factors.
5. Eligibility: 105(a)(1), (11)
6. National Objective: Must meet either: LMI (51%), urgent need, or slum/blight national objective.

ILLINOIS' IKE-BUYOUTS PROGRAM

Allocation for the IKE-Buyouts Program: \$28,063,749 (for all Ike buyouts-and related activities).

A. Consolidation of the IKE- Housing and Commercial Buyouts Programs

Illinois' "Ike" Program Plan Amendment (No.6) will combine and redesign the Ike-Housing Buyouts and the Commercial Buyouts programs into a consolidated Ike-Buyouts Program that can provide a single source of funding to communities that need assistance in acquiring residential, commercial and other properties for the purpose of assisting local residents and businesses in relocating out of flood-prone areas, and/ or addressing long term recovery in a comprehensive manner. Communities will not have to apply under two separate buyouts components to receive assistance in acquiring both the residential and commercial- properties needed to support a single buyouts project.

B. Ike-Eligible Buyouts Program Criteria-Revised

Community Property Buyouts Assistance (Local-Administered)

1. Eligible Applicants: City and county governments:
 - (i) Local governments (including cities, counties, etc.) in Ike-eligible communities,
 - (ii) Two or more Ike-eligible local communities working in support of a single or collaborative project,
 - (iii) Not-for-profit organizations on behalf of one or more Ike-eligible local communities.
2. Threshold Criteria:
 - (i) The property buyouts project must be in a flood-prone area of an Ike-eligible community (See Exhibit A), *and*
 - (ii) the residential, commercial or other property (parcels) that are part of the a community buyouts project must have either been directly impacted by flood or storm disaster damage in 2008, *or* the parcel(s) are within the area of the community for which the buyouts project has been designed.
3. Criteria for Selection:
 - (i) The overall level of damage in the buyout project's targeted area, as determined by condemnation, flood levels and/or status as beyond reasonable repair for each property;
 - (ii) the extent to which proposed buyout project supports overall flood mitigation plans/ long term recovery for the area and community.
4. Individual Grant Threshold: there is not an established funding cap; local conditions, factors and funding availability across project applications submitted for funding assistance.
5. National Objective: Must meet either: LMI (51%), urgent need, or slum/blight national objective.
6. Eligibility: HCDA Sec.105(a)(1), (11).

Individual Homeowner Relocation Assistance (State administered)

An incentive will be provided to homeowners that relocate outside a 100 year floodplain and agree to remain in the city or county where the approved buyout occurred, or another location within Illinois.

1. **Eligible Applicants: Homeowners that have been awarded a DCEO buyout grant (as part of a community-buyouts project) and are of low-to-moderate income as defined by HUD Section 8 income limits.**
2. Threshold Criteria- must be an approved home buyout and have documentation of new home location.
3. Criteria for Selection: Funding is on a first come, first served basis for those meeting the low to moderate income requirement.
4. Individual Grant Threshold:
 - (i.) \$20,000 max per homeowner who relocates in city of buyout;
 - (ii.) \$15,000 max per homeowner who relocates outside of city but in county of buyout; and
 - (iii.) \$10,000 max per homeowner who relocates outside of city and county of buyout but remains in Illinois.

5. National Objective: Must meet the national objective of primarily benefitting persons of low and moderate income.
6. Eligibility: HCDA Sec.105(a)(8).

NOTE--If funding remains after funding eligible community buyouts projects and individual relocation assistance projects, the following additional assistance may also be made available, but applicants should not presume that this funding will be available :

Individual Homeowner Down payment Assistance (State administered)

1. Eligible Applicants: Homeowners in buyout programs partially or fully funded with CDBG funds and are low-to-moderate income in accordance with HUD Section 8 income limits.
2. Threshold Criteria: Must be an approved buyout and have documentation of new home location.
3. Criteria for Selection: Funding is on a first come, first served basis .
4. Individual Grant Threshold: The maximum grant award will be established by program's underwriting criteria. The goal is to assure that no LMI homeowner has a mortgage that is greater than 30 percent of their income.
5. National Objective: Must meet the national objective of primarily benefitting persons of low and moderate income.
6. Eligibility: HCDA Sec.105(a)(8)

Individual Interim Mortgage Assistance (State administered)

1. Eligible Applicants: Homeowners in buyout programs partially or fully funded with CDBG funds and are low-to-moderate income in accordance with HUD Section 8 income limits.
2. Threshold Criteria: Must be an approved buyout.
3. Criteria for Selection: First come, first served under the buyout program with a documented need for assistance.
4. Individual Grant Threshold: \$1000 per month not to exceed 6 months.
5. National Objective: Must meet the national objective of primarily benefitting persons of low and moderate income.
6. Eligibility: HCDA Sec.105(a)(8).

C. Ike-Match Funding of FEMA-Funded Projects:

For proposed property buyout projects that meet the eligibility criteria outlined by this amendment, and for which FEMA funds are *not* available, CDBG funds will be continue to be available to support project costs.

Following submitting and receiving approval of Illinois' Ike program, HUD made the option of matching FEMA-funded projects an eligible activity that states could include in their Ike-disaster recovery programs. DCEO, pending HUD approval of this plan amendment, will also consider funding projects for which FEMA funding *has been* approved in communities eligible for CDBG-Ike program funds (See Exhibit A below), either through a global match mechanism (if this is approved by IEMA/ FEMA), or the more conventional local match mechanism:

1. Global Match Funding of FEMA-Funded Projects

Pending approval by IEMA/ FEMA, through a 25% global match of a DCEO-selected group of Ike-eligible projects, initially approved for FEMA funding.

If DCEO's global match request is approved, DCEO will strive to include a significant number of projects pending Ike buyouts assistance into the global match grouping to achieve an expeditious process of awarding and monitoring buyouts projects approved by both DCEO and IEMA.

2. Local Match Funding of FEMA-Funded Projects

Certain projects may be better served by the conventional local match mechanism than the global match, due to time constraints, the modest size of the project, etc. DCEO therefore reserves the right to fund Ike buyouts applications under the standard local match process, notwithstanding approval of the global match it is pursuing for the Ike buyouts program.

D. Specific Projects identified for Ike-Buyouts Funding Assistance:

1. Village of Gulfport, IL- Holistic Buyout Support

Every residential and commercial property in the village of Gulfport was severely damaged or destroyed as a result of the flooding of 2008. A holistic buyouts approach will allow **Gulfport** to use funding to address not only the community needs for voluntary buyout assistance, but will also allow funds to determine the feasibility of constructing a newly situated Gulfport and if determined feasible, allow funds to be used for the redevelopment of a "new" Gulfport positioned outside the 100 year floodplain where Gulfport currently resides. DCEO believes that Gulfport demonstrates the strongest justification for buyouts and buyout-related activities funding assistance.

NOTE-- Other eligible costs for the Gulfport project include other eligible CDBG activities associated with relocating a community (e.g., planning, acquisition, infrastructure and eligible redevelopment costs.). DCEO must approve project plans and detailed costs estimates prior to the City of Gulfport obligating funds for buyout related costs to relocate community.

2. Other Eligible Projects, Prioritized for Ike-Buyouts Assistance

- Henderson County - comprehensive buyouts project. Henderson county (outside of Gulfport) has been prioritized by the state due to the substantial flood damage the county received in 2008, leaving homeowners in a 100 year flood plain. Additionally, although the damage Henderson faced outside of Gulfport cannot compare to the devastation of Gulfport, the Gulfport and remaining Henderson county projects will be coordinated and managed by the same local project team, involving county and local officials and a selected outside planner. The Henderson county buyouts project therefore must be timed and planned in conjunction with the Gulfport project to ensure the objectives for both projects can be achieved. *In coordination with the Gulfport project, Henderson county may also qualify for assistance in addition to a pure buyout project.*
- City of Rockford -- Phase II of the Keith Creek comprehensive buyouts project. The city of Rockford has endured numerous flooding events throughout Winnebago County, leaving a substantial number of the city's residents without decent and safe housing. Rockford's local economy is has resulted in one of the highest local unemployment rates in Illinois. The city has developed a comprehensive phased buyouts program- the Keith creek, buyouts project, which will be followed by a long term recovery/ flood mitigation project. Homes that are nearest to the Rockford Keith creek, will be acquired and demolished under a three-phase housing buyouts project. The creek will then be widened as part of a long term recovery effort, to achieve significantly greater flood mitigation going forward. The proposed Ike buyouts funding set aside will provide a 25% match of pending FEMA-funding assistance to support the second phase of the 3-phase buyouts project.
- City of Chicago -- Albany Park Home buyout. The city of Chicago's single home buyout funding request will enable the city to acquire the sole parcel standing in the way of an expansive flood mitigation project in Chicago's Albany Park neighborhood on the northwest side of the city. The flood mitigation project will follow the acquisition of this single home, located in the flood prone area targeted for long term recovery. The state has determined that modest award necessary to achieve this project and support the long term recovery effort should not be further delayed.

Exhibit A

Federally-Designated Areas Eligible for CDBG "Ike" Assistance

The following Illinois counties were declared eligible for federal assistance in the three 2008 Disaster Declarations:

Illinois Counties Declared Under FEMA-1800-DR

- | | |
|-------------------|-----------------------|
| 1. Bureau County | 9. Kendall County |
| 2. Cass County | 10. LaSalle County |
| 3. Cook County | 11. Macoupin County |
| 4. DeKalb County | 12. Montgomery County |
| 5. DuPage County | 13. Peoria County |
| 6. Greene County* | 14. Scott County* |
| 7. Grundy County | 15. Will County |
| 8. Kane County | 16. Woodford County |

Illinois Counties Declared Under FEMA-1771-DR

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|----------------------|------------------------|
| 1. Adams County | 14. Lake County |
| 2. Calhoun County | 15. Lawrence County |
| 3. Clark County | 16. Madison County |
| 4. Coles County | 17. Mercer County |
| 5. Crawford County | 18. Monroe County |
| 6. Cumberland County | 19. Pike County |
| 7. Douglas County | 20. Randolph County |
| 8. Edgar County | 21. Rock Island County |
| 9. Greene County* | 22. St. Clair County |
| 10. Hancock County | 23. Scott County* |
| 11. Henderson County | 24. Whiteside County |
| 12. Jasper County | 25. Winnebago County |
| 13. Jersey County | |

Illinois Counties Declared Under FEMA-1747-DR

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|--------------------|----------------------|
| 1. Iroquois County | 2. Livingston County |
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* Greene and Scott counties were declared under both the FEMA 1771 and 1800 declarations